

Head 51 — GOVERNMENT PROPERTY AGENCY

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

Estimate 2013–14..... **\$1,889.2m**

Establishment ceiling 2013–14 (notional annual mid-point salary value) representing an estimated 197 non-directorate posts as at 31 March 2013 rising by ten posts to 207 posts as at 31 March 2014 **\$97.3m**

In addition, there will be an estimated seven directorate posts as at 31 March 2013 and as at 31 March 2014.

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

	2011–12 (Actual)	2012–13 (Original)	2012–13 (Revised)	2013–14 (Estimate)
Financial provision (\$m)	697.8	704.7	703.5 (–0.2%)	766.3 (+8.9%)
				(or +8.7% on 2012–13 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 and departments and making available quarters accommodation to government bureaux and 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 and departmental buildings;
- vetting or assisting in the vetting of schedules of accommodation for government bureaux and departments in respect of general use and 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	2011 (Actual)	2012 (Actual)	2013 (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	96.3	96.6	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	93.4	97.0	97.0
identifying suitable premises to lease within three months of the Agency's agreement to provide leased office accommodation (%).....	90	100	100	90

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

Indicators

	2011 (Actual)	2012 (Actual)	2013 (Estimate)
total area of office space (m ²) [^]	981 457	980 798	997 000
office space owned by Government (%).....	71.9	71.6	70.5
office space leased by Government (%).....	28.1	28.4	29.5
new allocation of owned office space to government bureaux/departments (m ²).....	24 706	6 869	6 000
net change in leased office accommodation (m ²).....	919 [#]	2 802 [#]	16 000 [#]
renewals of leased office accommodation (m ²).....	43 140	53 730	83 000
non-departmental quarters (NDQs).....	732	707	700
NDQs owned by Government (%).....	100	100	100
departmental quarters (DQs).....	22 582	22 737	22 700
DQs owned by Government (%).....	99.9	99.9	99.9

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

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

Matters Requiring Special Attention in 2013–14

5 During 2013–14, the Agency will continue to:

- pursue deleasing opportunities where appropriate; and
- through an annual accommodation review mechanism, encourage government bureaux and departments to regularly review office accommodation required in the short and medium terms.

Programme (2): Property Management

	2011–12 (Actual)	2012–13 (Original)	2012–13 (Revised)	2013–14 (Estimate)
Financial provision (\$m)	918.3	1,022.9	1,002.8 (–2.0%)	1,077.6 (+7.5%)

(or +5.3% on
2012–13 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	2011 (Actual)	2012 (Actual)	2013 (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	97	95

Indicators

	2011 (Actual)	2012 (Actual)	2013 (Estimate)
management of government properties			
GIC non-domestic properties in private developments under the custody of the Agency	217	218	220
residential flats managed by the Agency	22 480	22 474	22 174
government joint-user buildings managed by the Agency	48	47	47
other accommodation managed by the Agency			
sites	19	17	16
area (m ²)	586 050	576 826	574 156
average management fee for non-domestic accommodation in private developments (\$/m ² /month)§	43.3	54.9	56.9
average management cost of major joint-user buildings (\$/m ² /month)Ω	12.2	13.0	13.6
average management fee for quarters in private developments (\$/m ² /month)§	15.5	17.6	23.8
average management cost of wholly-owned government quarters (\$/m ² /month)Ω	9.2	9.9	10.5

§ 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 2013–14

9 During 2013–14, 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

	2011–12 (Actual)	2012–13 (Original)	2012–13 (Revised)	2013–14 (Estimate)
Financial provision (\$m)	36.9	41.2	41.8 (+1.5%)	45.3 (+8.4%)
				(or +10.0% on 2012–13 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 and departments on ways to optimise site utilisation at the site reservation stage;
- advising on the utilisation of sites to be developed by government bureaux and 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 and departments and, if conditions permit, assisting the bureaux and departments in releasing them for alternative uses or disposal as may be appropriate;
- assisting government bureaux and 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	2011 (Actual)	2012 (Actual)	2013 (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	95.7	94.3	90.0

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

Indicators

	2011 (Actual)	2012 (Actual)	2013 (Estimate)
sites for reviewφ.....	103	85	85
sites ready to be released for disposal, redevelopment or other purposesλ.....	4	5	2
non-domestic premises			
lettings.....	760	800	847
rental income (\$m).....	669.0	495.0	517.7
domestic premises			
lettings.....	303	294	240
rental income (\$m).....	151.9	173.0	153.3
ratio of rental income in respect of domestic and non-domestic premises to related staff cost‡.....	29	22	21
government premises identified as having new commercialisation opportunities.....	18	15	10

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- φ Sites for review are government sites considered for alternative uses or disposal with a view to optimising the utilisation. The number can vary from year to year. The Agency will assess the utilisation of government sites, consult and liaise with departments as required, and work with the Planning Department on any possible release of government sites.
- λ As sites once identified would now be included in prioritised redevelopment programme, the indicator “sites included in prioritised redevelopment programme” in previous Controlling Officer’s Reports is therefore deleted to avoid duplication.
- ‡ 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 2013–14

13 During 2013–14, the Agency will continue to:

- assist government bureaux and 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 and 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	2011-12 (Actual) (\$m)	2012-13 (Original) (\$m)	2012-13 (Revised) (\$m)	2013-14 (Estimate) (\$m)
(1) Acquisition and Allocation.....	697.8	704.7	703.5	766.3
(2) Property Management	918.3	1,022.9	1,002.8	1,077.6
(3) Estate Utilisation.....	36.9	41.2	41.8	45.3
	1,653.0	1,768.8	1,748.1 (-1.2%)	1,889.2 (+8.1%)
				(or +6.8% on 2012-13 Original)

Analysis of Financial and Staffing Provision

Programme (1)

Provision for 2013-14 is \$62.8 million (8.9%) higher than the revised estimate for 2012-13. This is mainly due to anticipated increases in office rentals and an increase of four posts, partly offset by anticipated savings from the releasing of rented accommodation.

Programme (2)

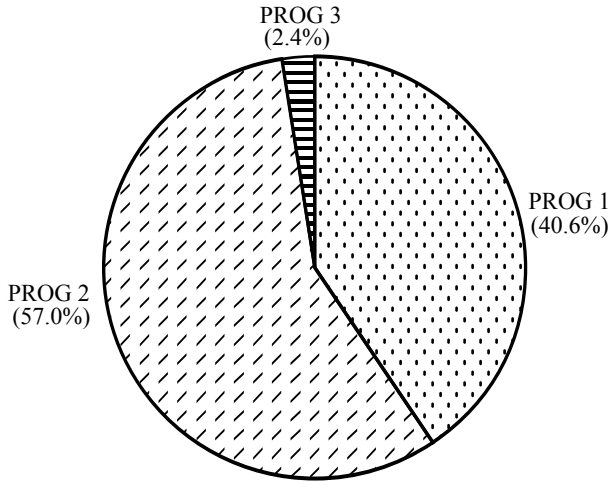
Provision for 2013-14 is \$74.8 million (7.5%) higher than the revised estimate for 2012-13. This is mainly due to anticipated increases in management charges, costs of property management services, workshop services, requirement for major renovation works for government-owned properties in private developments and provision for contingencies, partly offset by the reduced requirement for scheduled replacement of minor plant and equipment.

Programme (3)

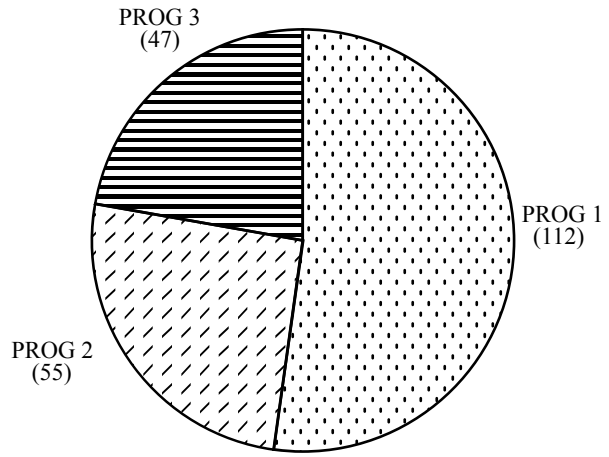
Provision for 2013-14 is \$3.5 million (8.4%) higher than the revised estimate for 2012-13. This is mainly due to an increase of six posts and salary increments for staff.

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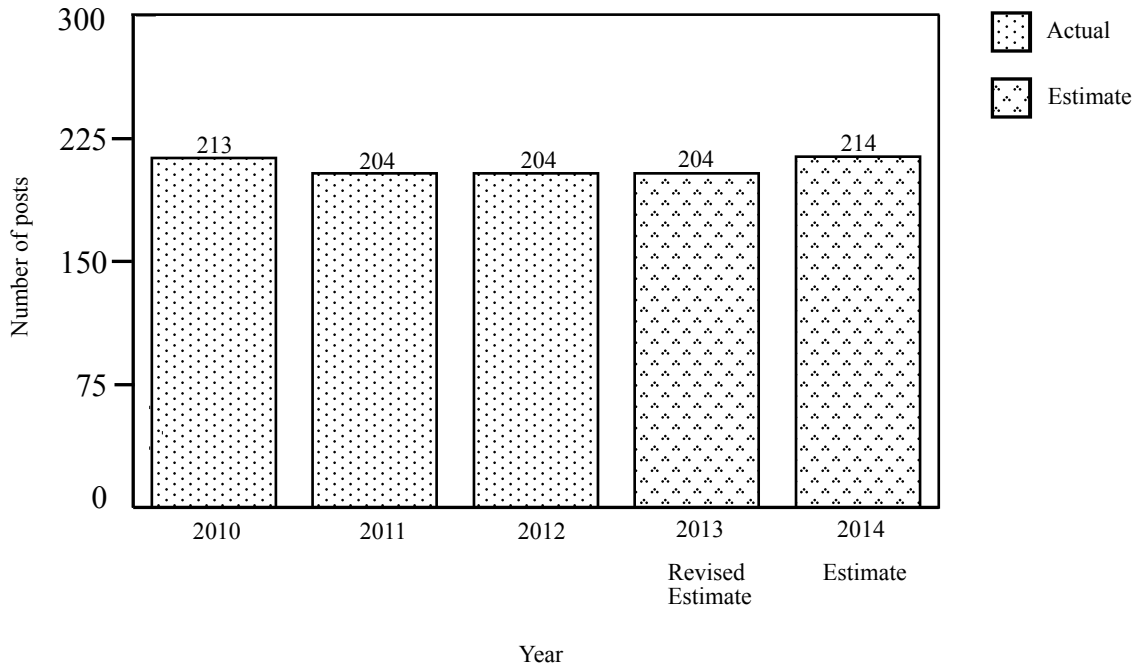
Allocation of provision to programmes (2013-14)



Staff by programme (as at 31 March 2014)



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



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Sub-head (Code)	Actual expenditure 2011–12	Approved estimate 2012–13	Revised estimate 2012–13	Estimate 2013–14	
	\$'000	\$'000	\$'000	\$'000	
Operating Account					
Recurrent					
000	Operational expenses	1,636,015	1,750,621	1,729,938	1,874,172
	Total, Recurrent	<u>1,636,015</u>	<u>1,750,621</u>	<u>1,729,938</u>	<u>1,874,172</u>
Non-Recurrent					
	General non-recurrent	—	750	750	—
	Total, Non-Recurrent	<u>—</u>	<u>750</u>	<u>750</u>	<u>—</u>
	Total, Operating Account.....	<u>1,636,015</u>	<u>1,751,371</u>	<u>1,730,688</u>	<u>1,874,172</u>
Capital Account					
Plant, Equipment and Works					
661	Minor plant, vehicles and equipment (block vote).....	16,961	17,458	17,458	14,985
	Total, Plant, Equipment and Works.....	<u>16,961</u>	<u>17,458</u>	<u>17,458</u>	<u>14,985</u>
	Total, Capital Account.....	<u>16,961</u>	<u>17,458</u>	<u>17,458</u>	<u>14,985</u>
	Total Expenditure	<u><u>1,652,976</u></u>	<u><u>1,768,829</u></u>	<u><u>1,748,146</u></u>	<u><u>1,889,157</u></u>

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Details of Expenditure by Subhead

The estimate of the amount required in 2013–14 for the salaries and expenses of the Government Property Agency is \$1,889,157,000. This represents an increase of \$141,011,000 over the revised estimate for 2012–13 and of \$236,181,000 over actual expenditure in 2011–12.

Operating Account

Recurrent

2 Provision of \$1,874,172,000 under *Subhead 000 Operational expenses* is for the salaries, allowances and other operating expenses of the Government Property Agency. The increase of \$144,234,000 (8.3%) over the revised estimate for 2012–13 is mainly due to anticipated increases in office rentals, requirement for major renovation works for government-owned properties in private developments and provision for contingencies, partly offset by anticipated savings from the de-leasing of rented accommodation.

3 The establishment as at 31 March 2013 will be 204 permanent posts. It is expected that there will be an increase of ten posts in 2013–14. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2013–14, but the notional annual mid-point salary value of all such posts must not exceed \$97,320,000.

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

	2011–12 (Actual) (\$'000)	2012–13 (Original) (\$'000)	2012–13 (Revised) (\$'000)	2013–14 (Estimate) (\$'000)
Personal Emoluments				
- Salaries	104,661	109,946	111,865	119,314
- Allowances	1,483	1,525	1,459	1,541
- Job-related allowances.....	—	12	2	10
Personnel Related Expenses				
- Leasing and management of quarters.....	222,975	275,800	256,185	290,795
- Mandatory Provident Fund contribution	197	169	224	186
- Civil Service Provident Fund contribution	787	1,529	1,594	2,122
Departmental Expenses				
- Light and power.....	245,878	266,530	260,628	278,430
- Hire of services and professional fees	113,353	129,486	125,225	132,601
- Specialist supplies and equipment	16,436	20,000	16,500	16,500
- Workshop services.....	204,282	204,278	205,775	216,970
- General departmental expenses	8,329	9,513	9,732	9,814
Other Charges				
- Rents and management charges for properties (other than quarters)	717,634	731,833	740,749	805,889
	1,636,015	1,750,621	1,729,938	1,874,172

Capital Account

Plant, Equipment and Works

5 Provision of \$14,985,000 under *Subhead 661 Minor plant, vehicles and equipment (block vote)* represents a decrease of \$2,473,000 (14.2%) against the revised estimate for 2012–13. This is mainly due to the reduced requirement for scheduled replacement of minor plant and equipment.