

## Head 51 — GOVERNMENT PROPERTY AGENCY

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

**Estimate 2020–21** ..... **\$2,651.4m**

**Establishment ceiling 2020–21** (notional annual mid-point salary value) representing an estimated 269 non-directorate posts as at 31 March 2020 rising by 69 posts to 338 posts as at 31 March 2021..... **\$229.9m**

In addition, there will be an estimated nine directorate posts as at 31 March 2020 rising by one post to ten posts as at 31 March 2021.

### Controlling Officer’s Report

#### Programmes

- |   |  |
|---|--|
| <b>Programme (1) Acquisition and Allocation</b>                               | This programme contributes to Policy Area 22: Buildings, Lands, Planning, Heritage Conservation, Greening and Landscape (Secretary for Development) and Policy Area 27: Intra-Governmental Services (Secretary for Financial Services and the Treasury). |
| <b>Programme (2) Property Management<br/>Programme (3) Estate Utilisation</b> | These programmes contribute to Policy Area 27: Intra-Governmental Services (Secretary for Financial Services and the Treasury).  |

#### Detail

##### Programme (1): Acquisition and Allocation

	2018–19 (Actual)	2019–20 (Original)	2019–20 (Revised)	2020–21 (Estimate)
Financial provision (\$m)	745.3	798.2	755.9 (–5.3%)	753.0 (–0.4%)
				(or –5.7% on 2019–20 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, as well as 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;
  - assessing requirements for Government, Institution and Community (GIC) accommodation in private developments; and
  - collaborating with relevant bureaux/departments to adopt a more co-ordinated approach to expedite multi-storey development of public facilities on government land under the “single site, multiple use” initiative and taking forward the first batch of projects.

## Head 51 — GOVERNMENT PROPERTY AGENCY

4 The key performance measures are:

### *Targets*

	Target	2018 (Actual)	2019 (Actual)	2020 (Plan)
take-up rate of office space (%).....	99.8	100	100	99.8
rental level of leased offices (percentage of market rent) (%)Λ.....	95.0	95.2	94.6	95.0
take-up rate of quarters (%).....	99.8	99.8	99.8	99.8
rental level of leased quarters (percentage of market rent) (%)Λ.....	97.0	97.8	94.3	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*

	2018 (Actual)	2019 (Actual)	2020 (Estimate)
total area of office space (m <sup>2</sup> )Λ.....	1 041 266	1 110 501	1 134 000
office space owned by Government (%).....	67.2	67.6	65.7
office space leased by Government (%).....	32.8	32.4	34.3
new allocation of owned office space to government bureaux/departments (m <sup>2</sup> ).....	3 933	66 504	10 500
net change in leased office accommodation (m <sup>2</sup> ).....	25 488#	18 663#	25 100#
renewals of leased office accommodation (m <sup>2</sup> ).....	69 223	68 091	87 000
non-departmental quarters (NDQs).....	504	449	410
NDQs owned by Government (%).....	100	100	100
departmental quarters (DQs).....	23 060	23 576	23 500
DQs owned by Government (%).....	99.9	99.9	99.9

Λ 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 2020–21*

5 During 2020–21, the Agency will:

- continue to plan and take forward new government office building projects for the reprovisioning of the departments in the three government office buildings at the Wan Chai waterfront;
- continue to pursue deleasing opportunities where appropriate;
- through an annual accommodation review mechanism, continue to encourage government bureaux and departments to regularly review office accommodation required in the short and medium terms; and
- continue to collaborate with relevant bureaux and departments to implement the “single site, multiple use” initiative and take forward the first batch of projects.

### **Programme (2): Property Management**

	2018–19 (Actual)	2019–20 (Original)	2019–20 (Revised)	2020–21 (Estimate)
Financial provision (\$m)	1,162.8	1,368.3	1,300.5 (–5.0%)	1,826.6 (+40.5%)

(or +33.5% on  
2019–20 Original)

## Head 51 — GOVERNMENT PROPERTY AGENCY

### *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.

### *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;
- scrutinising and executing Deeds of Mutual Covenant, assignments and related documents in respect of GIC accommodation in private developments; and
- property and facilities management of joint-user government facilities at boundary control points.

8 The key performance measures are:

### *Target*

	Target	2018 (Actual)	2019 (Actual)	2020 (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*

	2018 (Actual)	2019 (Actual)	2020 (Estimate)
management of government properties			
GIC non-domestic properties in private developments			
under the custody of the Agency .....	228	231	239
residential flats managed by the Agency .....	22 170	22 625	22 650
government joint-user buildings managed by the Agency .....	46	46	45
joint-user government facilities at boundary control points managed by the Agency .....	N.A.	N.A.	58 <sup>Ψ</sup>
other accommodation managed by the Agency			
sites .....	15	15	12
area (m <sup>2</sup> ) .....	184 839	184 839	179 132
average management fee for non-domestic accommodation in private developments (\$/m <sup>2</sup> /month)§ .....	54.4	53.6	57.3
average management cost of major joint-user buildings (\$/m <sup>2</sup> /month)Ω .....	16.4	18.2	21.7
average management fee for quarters in private developments (\$/m <sup>2</sup> /month)§ .....	21.8	24.1	25.9
average management cost of wholly-owned government quarters (\$/m <sup>2</sup> /month)Ω .....	13.5	14.6	17.3
average management cost of buildings/facilities at boundary control points managed by the Agency (\$/m <sup>2</sup> /month)Ω .....	N.A.	N.A.	81.5 <sup>Ψ</sup>

Ψ New indicator as from 2020. The Agency has taken over property and facilities management of the 58 joint-user government facilities at the Hong Kong-Zhuhai-Macao Bridge Hong Kong Port with effect from 1 January 2020.

## Head 51 — GOVERNMENT PROPERTY AGENCY

- § 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, buildings/facilities at boundary control points managed by the Agency 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 and buildings/facilities at boundary control points managed by the Agency also exclude electricity charges while those for wholly-owned quarters include electricity charges for common areas.

### *Matters Requiring Special Attention in 2020–21*

- 9 During 2020–21, the Agency will:
- continue to monitor the performance of its property management services contractors to ensure and enhance their efficiency and effectiveness;
  - continue to take forward measures to reduce energy consumption in government joint-user buildings; and
  - take charge of the property and facilities management of joint-user government facilities at a boundary control point.

### **Programme (3): Estate Utilisation**

	2018–19 (Actual)	2019–20 (Original)	2019–20 (Revised)	<b>2020–21 (Estimate)</b>
Financial provision (\$m)	55.1	60.6	55.8 (–7.9%)	<b>71.8</b> (+28.7%)
				(or +18.5% on 2019–20 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 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 appropriate;
  - assisting government bureaux and departments in putting surplus departmental properties to alternative uses or disposal as 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;
  - updating the GIC site record system to take account of new development areas and revised planning parameters; and
  - implementing the refined leasing arrangements for better achieving the socially caring objective.
- 12 The key performance measures are:

### *Targets*

	Target	2018 (Actual)	2019 (Actual)	<b>2020 (Plan)</b>
preparing and issuing tender/quotation invitation to lease out non-domestic premises within three months upon completion of feasibility study (%) .....	95	100	100	<b>95</b>
let out rate of surplus government quarters with tenure of two years or more (%)Δ ...	90.0	90.1	90.4	<b>90.0</b>

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

## Head 51 — GOVERNMENT PROPERTY AGENCY

### *Indicators*

<i>Indicators</i>	2018 (Actual)	2019 (Actual)	2020 (Estimate)
sites for review <sup>φ</sup> .....	85	85	85
sites ready to be released for disposal, redevelopment or other purposes.....	4	2	3
non-domestic premises			
lettings.....	1 072	1 129	1 226
rental income (\$m).....	467.8	352.6	361.0
domestic premises			
lettings.....	215	208	225
rental income (\$m).....	130.9	113.4	113.7
ratio of rental income in respect of domestic and non-domestic premises to related staff cost <sup>‡</sup> .....	16	10	10
government premises identified as having new commercialisation opportunities.....	27	55	17

<sup>φ</sup> Sites for review are government sites considered for alternative uses or disposal with a view to optimising 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.

<sup>‡</sup> 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 2020–21*

**13** During 2020–21, 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 appropriate;
- assist government bureaux and departments in putting surplus departmental properties to alternative uses or disposal as appropriate;
- identify government properties with commercialisation potential with a view to realising such potential; and
- implement the refined leasing arrangements for better achieving the socially caring objective.

## Head 51 — GOVERNMENT PROPERTY AGENCY

### ANALYSIS OF FINANCIAL PROVISION

	2018–19 (Actual) (\$m)	2019–20 (Original) (\$m)	2019–20 (Revised) (\$m)	2020–21 (Estimate) (\$m)
<b>Programme</b>				
(1) Acquisition and Allocation .....	745.3	798.2	755.9	<b>753.0</b>
(2) Property Management.....	1,162.8	1,368.3	1,300.5	<b>1,826.6</b>
(3) Estate Utilisation.....	55.1	60.6	55.8	<b>71.8</b>
	1,963.2	2,227.1	2,112.2 (-5.2%)	<b>2,651.4</b> <b>(+25.5%)</b>
				<b>(or +19.1% on 2019–20 Original)</b>

#### Analysis of Financial and Staffing Provision

##### Programme (1)

Provision for 2020–21 is \$2.9 million (0.4%) lower than the revised estimate for 2019–20. This is mainly due to the anticipated savings from the de-leasing of rented accommodation and some other operating expenses offset by an increase of 22 posts.

##### Programme (2)

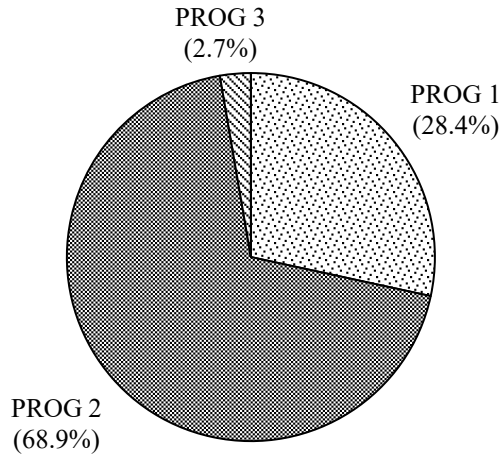
Provision for 2020–21 is \$526.1 million (40.5%) higher than the revised estimate for 2019–20. This is mainly due to anticipated increases in costs of property management and maintenance services including those to be provided for the 58 joint-user government facilities at a boundary control point newly managed by the Agency and an increase of 40 posts.

##### Programme (3)

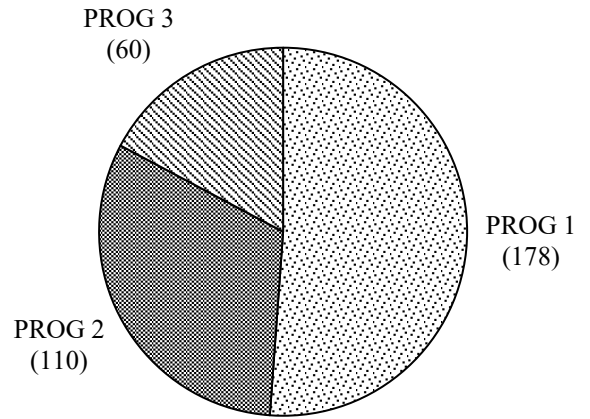
Provision for 2020–21 is \$16.0 million (28.7%) higher than the revised estimate for 2019–20. This is mainly due to an increase of eight posts and other administrative overheads.

**Head 51 — GOVERNMENT PROPERTY AGENCY**

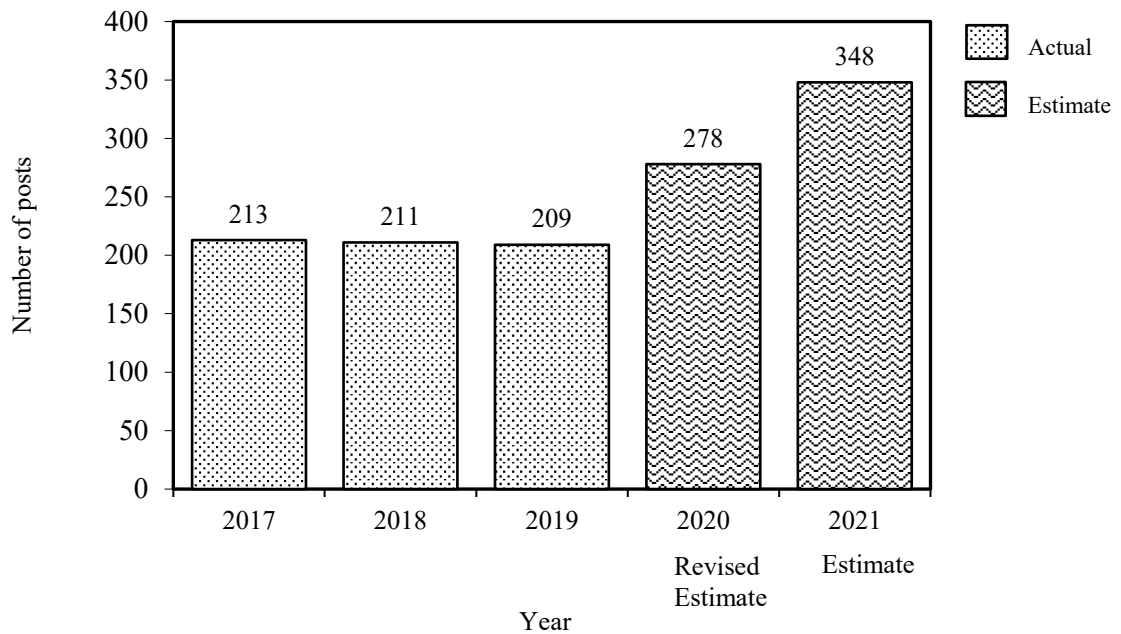
*Allocation of provision to programmes (2020-21)*



*Staff by programme (as at 31 March 2021)*



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



**Head 51 — GOVERNMENT PROPERTY AGENCY**

Sub-head (Code)	Actual expenditure 2018-19	Approved estimate 2019-20	Revised estimate 2019-20	<b>Estimate 2020-21</b>	
	\$'000	\$'000	\$'000	<b>\$'000</b>	
<b>Operating Account</b>					
Recurrent					
000	Operational expenses .....	1,913,860	2,152,076	2,066,648	<b>2,596,007</b>
	Total, Recurrent .....	1,913,860	2,152,076	2,066,648	<b>2,596,007</b>
	Total, Operating Account .....	1,913,860	2,152,076	2,066,648	<b>2,596,007</b>
<b>Capital Account</b>					
Plant, Equipment and Works					
661	Minor plant, vehicles and equipment (block vote).....	49,385	75,001	45,508	<b>55,405</b>
	Total, Plant, Equipment and Works.....	49,385	75,001	45,508	<b>55,405</b>
	Total, Capital Account.....	49,385	75,001	45,508	<b>55,405</b>
	 Total Expenditure .....	 1,963,245	 2,227,077	 2,112,156	 <b>2,651,412</b>



## Head 51 — GOVERNMENT PROPERTY AGENCY

### Details of Expenditure by Subhead

The estimate of the amount required in 2020–21 for the salaries and expenses of the Government Property Agency is \$2,651,412,000. This represents an increase of \$539,256,000 over the revised estimate for 2019–20 and \$688,167,000 over the actual expenditure in 2018–19.

#### Operating Account

##### Recurrent

**2** Provision of \$2,596,007,000 under *Subhead 000 Operational expenses* is for the salaries, allowances and other operating expenses of the Government Property Agency. The increase of \$529,359,000 (25.6%) over the revised estimate for 2019–20 is mainly due to increased provision for creation of new posts in 2020–21 and increased requirement for departmental expenses arising from the taking up of the 58 joint-user government facilities at a boundary control point.

**3** The establishment as at 31 March 2020 will be 278 posts including one supernumerary post. It is expected that there will be an increase of 70 posts in 2020–21. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2020–21, but the notional annual mid-point salary value of all such posts must not exceed \$229,865,000.

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

	2018–19 (Actual) (\$'000)	2019–20 (Original) (\$'000)	2019–20 (Revised) (\$'000)	<b>2020–21 (Estimate) (\$'000)</b>
Personal Emoluments				
- Salaries .....	141,370	195,343	190,612	<b>244,400</b>
- Allowances .....	2,075	1,927	3,709	<b>6,288</b>
- Job-related allowances.....	—	10	2	<b>10</b>
Personnel Related Expenses				
- Leasing and management of quarters.....	297,029	332,128	337,005	<b>357,291</b>
- Mandatory Provident Fund contribution .....	476	485	699	<b>857</b>
- Civil Service Provident Fund contribution .....	5,719	9,495	9,183	<b>11,462</b>
Departmental Expenses				
- Light and power.....	249,729	282,430	282,427	<b>378,490</b>
- Hire of services and professional fees .....	148,114	204,678	190,952	<b>340,704</b>
- Specialist supplies and equipment.....	14,607	22,738	21,000	<b>22,596</b>
- Workshop services .....	281,871	310,134	268,332	<b>465,192</b>
- General departmental expenses .....	12,065	34,553	41,284	<b>41,188</b>
Other Charges				
- Rents and management charges for properties (other than quarters) .....	760,805	758,155	721,443	<b>727,529</b>
	1,913,860	2,152,076	2,066,648	<b>2,596,007</b>

#### Capital Account

##### Plant, Equipment and Works

**5** Provision of \$55,405,000 under *Subhead 661 Minor plant, vehicles and equipment (block vote)* represents an increase of \$9,897,000 (21.7%) over the revised estimate for 2019–20. This is mainly due to the increased requirement for scheduled replacement of minor plant and equipment in 2020–21.