

Head 51 — GOVERNMENT PROPERTY AGENCY

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

Estimate 2023–24 **\$2,704.2m**

Establishment ceiling 2023–24 (notional annual mid-point salary value) representing an estimated 329 non-directorate posts as at 31 March 2023 reducing by nine posts to 320 posts as at 31 March 2024..... **\$221.2m**

In addition, there will be an estimated nine directorate posts as at 31 March 2023 and as at 31 March 2024.

Controlling Officer's Report

Programmes

Programme (1) Acquisition and Allocation 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).

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

| | 2021–22 (Actual) | 2022–23 (Original) | 2022–23 (Revised) | 2023–24 (Estimate) |
|---------------------------|---------------------|-----------------------|----------------------|-----------------------------------|
| Financial provision (\$m) | 630.1 | 707.9 | 654.3 (–7.6%) | 641.0 (–2.0%) |
| | | | | (or –9.5% on 2022–23 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 continue implementing the "single site, multiple use" initiative and take forward the relevant projects.

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4 The key performance measures are:

Targets

| | Target | 2021 (Actual) | 2022 (Actual) | 2023 (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 | 93.0 | 94.5 | 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 | 94.5 | 96.1 | 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

| | 2021 (Actual) | 2022 (Actual) | 2023 (Estimate) |
|--|------------------|------------------|--------------------|
| total area of office space (m ²)Ψ..... | 1 176 124 | 1 285 454 | 1 297 000 |
| office space owned by Government (%)..... | 63.5 | 60.3 | 59.8 |
| office space leased by Government (%)..... | 36.5 | 39.7 | 40.2 |
| new allocation of owned office space to government bureaux/departments (m ²)..... | 4 235 | 50 642 | 52 500 |
| net change in leased office accommodation (m ²)..... | 45 782# | 81 178# | 11 200# |
| renewals of leased office accommodation (m ²)..... | 92 855 | 124 777 | 112 000 |
| non-departmental quarters (NDQs)..... | 350 | 299 | 250 |
| NDQs owned by Government (%)..... | 100 | 100 | 100 |
| departmental quarters (DQs)..... | 25 363 | 25 533 | 25 500 |
| DQs owned by Government (%)..... | 99.9 | 99.9 | 99.9 |

Ψ 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 2023–24

5 During 2023–24, the Agency will:

- continue to 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;
- continue to collaborate with relevant bureaux and departments to implement the “single site, multiple use” initiative and take forward the relevant projects;
- continue to assist the Social Welfare Department in identifying potential premises for purchase as premises for the provision of welfare facilities; and
- continue to take forward the initiative to relocate government offices being non-location-specific and without service boundary from high-value areas to lower-value areas or the Northern Metropolis as far as practicable.

Programme (2): Property Management

| | 2021–22 (Actual) | 2022–23 (Original) | 2022–23 (Revised) | 2023–24 (Estimate) |
|---------------------------|---------------------|-----------------------|----------------------|-----------------------|
| Financial provision (\$m) | 1,782.2 | 1,857.3 | 1,864.3 (+0.4%) | 1,985.3 (+6.5%) |

(or +6.9% on
2022–23 Original)

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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 | 2021 (Actual) | 2022 (Actual) | 2023 (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 |
| performance level of management, operation and maintenance (MOM) services contractors of joint-user government facilities at boundary control points (average percentage score measured according to the service level specified in the MOM services contracts) (%)λ..... | 94 | N.A. | N.A. | 94 |

λ New target as from 2023 covering the property and facilities management by the MOM contractors at Hong Kong-Zhuhai-Macao-Bridge Hong Kong Port (HZMB HKP) and Heung Yuen Wai Boundary Control Point. The target is subject to review as and when appropriate.

Indicators

| | 2021 (Actual) | 2022 (Actual) | 2023 (Estimate) |
|---|------------------|------------------|--------------------|
| management of government properties | | | |
| GIC non-domestic properties in private developments | | | |
| under the custody of the Agency | 240 | 245 | 257 |
| residential flats managed by the Agency | 24 443 | 24 618 | 24 923 |
| government joint-user buildings managed by the Agency | 45 | 46 | 46 |
| joint-user government facilities at boundary control points managed by the Agency | 58 | 91 | 91 |
| other accommodation managed by the Agency | | | |
| sites | 14 | 12 | 11 |
| area (m ²) | 181 010 | 179 340 | 178 902 |
| average management fee for non-domestic accommodation in private developments (\$/m ² /month)§ | 50.5 | 51.2 | 56.9 |
| average management cost of major joint-user buildings (\$/m ² /month)Φ | 20.7 | 21.1 | 21.9 |
| average management fee for quarters in private developments (\$/m ² /month)§ | 24.2 | 24.7 | 29.0 |

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| | 2021 (Actual) | 2022 (Actual) | 2023 (Estimate) |
|--|------------------|------------------|--------------------|
| average management cost of wholly-owned government quarters (\$/m ² /month)Φ | 16.2 | 16.8 | 17.7 |
| average management cost of buildings/facilities at boundary control points managed by the Agency (\$/m ² /month)Ω | 53.1 | 48.6 | 49.9 |

§ 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.

Φ Management costs of major joint-user buildings and wholly-owned government quarters are exclusive of expenditure on regular maintenance, provision for major repairs and other ad hoc services, such as anti-epidemic measures in major joint-user buildings which incurred expenditure of \$62.2 million and \$44.0 million in 2021 and 2022 respectively. Management costs of major joint-user buildings also exclude electricity charges while those for wholly-owned quarters include electricity charges for common areas.

Ω Average management cost of the Passenger Clearance Building of HZMB HKP only. Figures are exclusive of the management costs of other buildings and external areas (\$3.0 million per month in 2022) as well as soft landscape areas (\$0.9 million per month in 2022), the expenditure on management services requested and reimbursed by user departments for their own premises, regular maintenance, provision for major repairs and electricity charges.

Matters Requiring Special Attention in 2023–24

9 During 2023–24, the Agency will continue to:

- monitor the performance of its property management services contractors to ensure and enhance their efficiency and effectiveness;
- 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 boundary control points.

Programme (3): Estate Utilisation

| | 2021–22 (Actual) | 2022–23 (Original) | 2022–23 (Revised) | 2023–24 (Estimate) |
|---------------------------|---------------------|-----------------------|----------------------|-----------------------------------|
| Financial provision (\$m) | 81.3 | 74.0 | 71.0 (–4.1%) | 77.9 (+9.7%) |
| | | | | (or +5.3% on 2022–23 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;
- implementing the refined leasing arrangements for better achieving the socially caring objective; and
- advising government bureaux and departments on the planning and implementation of public vehicle park projects within government premises from the management, operation and maintenance perspectives.

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12 The key performance measures are:

Targets

| | Target | 2021 (Actual) | 2022 (Actual) | 2023 (Plan) |
|---|--------|------------------|------------------|----------------|
| preparing and issuing tender/quotation 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 | 80.0 | 77.9 | 90.0 |

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

Indicators

| | 2021 (Actual) | 2022 (Actual) | 2023 (Estimate) |
|--|------------------|------------------|--------------------|
| sites for reviewφ | 85 | 85 | 85 |
| sites ready to be released for disposal, redevelopment or other purposes | 1 | 2 | 1 |
| non-domestic premises | | | |
| lettings | 1 178 | 1 183 | 1 243 |
| rental income (\$m) | 165.7◇ | 152.3◇ | 195.7 |
| domestic premises | | | |
| lettings | 256 | 287 | 340 |
| rental income (\$m) | 140.9 | 161.4 | 175.3 |
| ratio of rental income in respect of domestic and non-domestic premises to related staff cost‡ | 7◇ | 7◇ | 8 |
| government premises identified as having new commercialisation opportunities | 4 | 8 | 3 |

φ 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.

◇ Rental income was reduced mainly due to government rental concessions.

‡ Ratio will be affected by market demand, availability and value of government premises for commercialisation, and may change either way over time.

Matters Requiring Special Attention in 2023–24

13 During 2023–24, 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;
- implement the refined leasing arrangements for better achieving the socially caring objective; and
- assist government bureaux and departments in planning and implementing public vehicle park projects within government premises from the management, operation and maintenance perspectives.

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ANALYSIS OF FINANCIAL PROVISION

| | 2021–22 (Actual) (\$m) | 2022–23 (Original) (\$m) | 2022–23 (Revised) (\$m) | 2023–24 (Estimate) (\$m) |
|--------------------------------------|------------------------------|--------------------------------|-------------------------------|-----------------------------------|
| Programme | | | | |
| (1) Acquisition and Allocation | 630.1 | 707.9 | 654.3 | 641.0 |
| (2) Property Management..... | 1,782.2 | 1,857.3 | 1,864.3 | 1,985.3 |
| (3) Estate Utilisation..... | 81.3 | 74.0 | 71.0 | 77.9 |
| | 2,493.6 | 2,639.2 | 2,589.6 (–1.9%) | 2,704.2 (+4.4%) |
| | | | | (or +2.5% on 2022–23 Original) |

Analysis of Financial and Staffing Provision

Programme (1)

Provision for 2023–24 is \$13.3 million (2.0%) lower than the revised estimate for 2022–23. This is mainly due to the anticipated decrease in the rent and management charges for rented accommodation. In addition, there will be a decrease of eight posts in 2023–24.

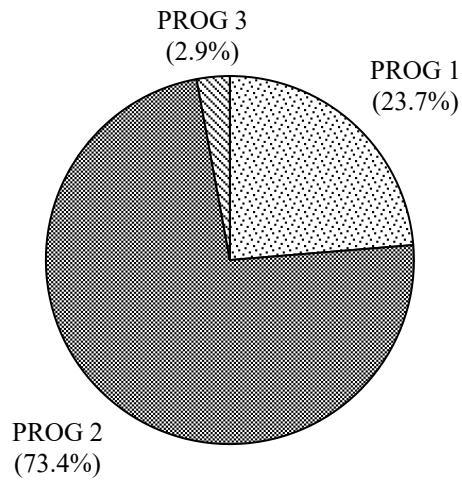
Programme (2)

Provision for 2023–24 is \$121.0 million (6.5%) higher than the revised estimate for 2022–23. This is mainly due to the anticipated increases in the electricity charges and requirement for property management and maintenance services, partly offset by the decrease of one post in 2023–24.

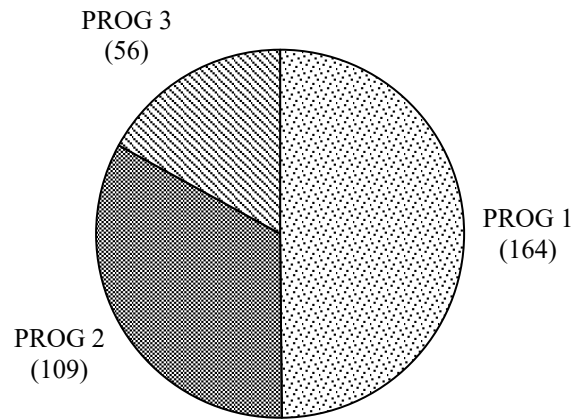
Programme (3)

Provision for 2023–24 is \$6.9 million (9.7%) higher than the revised estimate for 2022–23. This is mainly due to the anticipated increase in the apportionment of administrative overheads and increase in the electricity charges and requirement for workshop services.

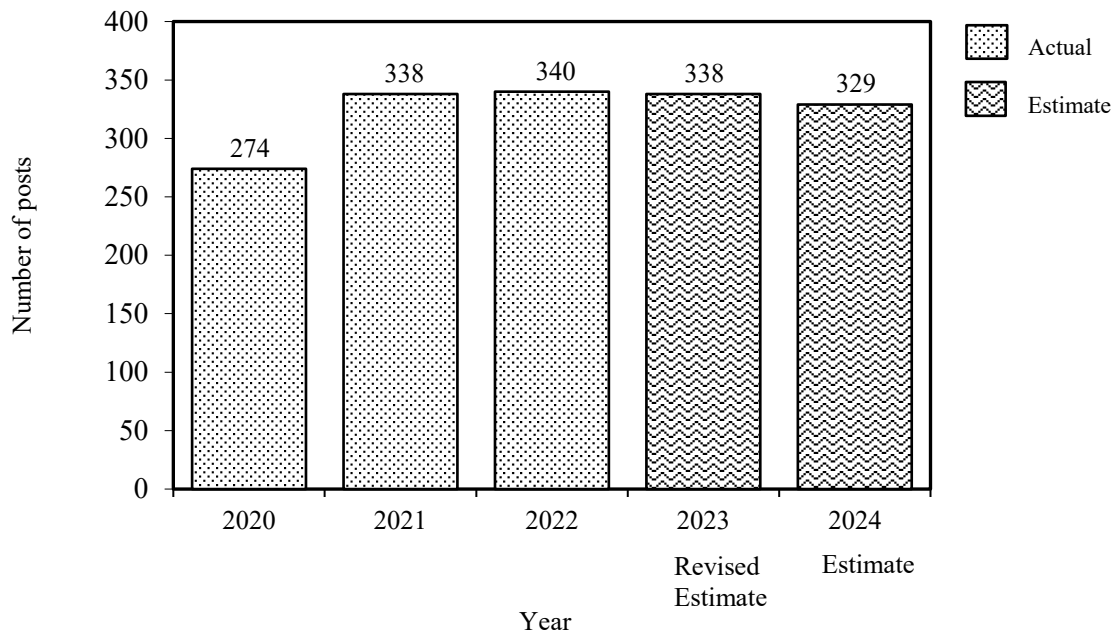
*Allocation of provision
to programmes
(2023-24)*



*Staff by programme
(as at 31 March 2024)*



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



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| Sub-head (Code) | Actual expenditure 2021–22 | Approved estimate 2022–23 | Revised estimate 2022–23 | Estimate 2023–24 |
|---|----------------------------------|---------------------------------|--------------------------------|---------------------|
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Operating Account | | | | |
| Recurrent | | | | |
| 000 Operational expenses | 2,402,626 | 2,547,665 | 2,498,123 | 2,637,379 |
| Total, Recurrent | 2,402,626 | 2,547,665 | 2,498,123 | 2,637,379 |
| Total, Operating Account | 2,402,626 | 2,547,665 | 2,498,123 | 2,637,379 |
| Capital Account | | | | |
| Plant, Equipment and Works | | | | |
| 661 Minor plant, vehicles and equipment (block vote) | 90,936 | 91,499 | 91,499 | 66,838 |
| Total, Plant, Equipment and Works | 90,936 | 91,499 | 91,499 | 66,838 |
| Total, Capital Account | 90,936 | 91,499 | 91,499 | 66,838 |
| Total Expenditure | 2,493,562 | 2,639,164 | 2,589,622 | 2,704,217 |

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Details of Expenditure by Subhead

The estimate of the amount required in 2023–24 for the salaries and expenses of the Government Property Agency is \$2,704,217,000. This represents an increase of \$114,595,000 over the revised estimate for 2022–23 and \$210,655,000 over the actual expenditure in 2021–22.

Operating Account

Recurrent

2 Provision of \$2,637,379,000 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 2023 will be 338 posts including one supernumerary post. It is expected that there will be a decrease of nine posts in 2023–24. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2023–24, but the notional annual mid-point salary value of all such posts must not exceed \$221,243,000.

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

| | 2021–22 (Actual) (\$'000) | 2022–23 (Original) (\$'000) | 2022–23 (Revised) (\$'000) | 2023–24 (Estimate) (\$'000) |
|---|---------------------------------|-----------------------------------|----------------------------------|-----------------------------------|
| Personal Emoluments | | | | |
| - Salaries | 220,973 | 247,300 | 229,820 | 240,400 |
| - Allowances | 4,360 | 4,609 | 4,779 | 4,712 |
| - Job-related allowances..... | — | 10 | 61 | 65 |
| Personnel Related Expenses | | | | |
| - Leasing and management of quarters | 336,453 | 355,044 | 349,819 | 371,270 |
| - Mandatory Provident Fund contribution | 1,193 | 915 | 1,089 | 680 |
| - Civil Service Provident Fund contribution | 11,979 | 14,218 | 13,779 | 17,299 |
| Departmental Expenses | | | | |
| - Light and power..... | 307,642 | 314,819 | 383,591 | 461,934 |
| - Hire of services and professional fees | 357,990 | 398,700 | 399,309 | 409,589 |
| - Specialist supplies and equipment..... | 18,322 | 21,596 | 21,678 | 21,126 |
| - Workshop services | 509,501 | 487,221 | 447,253 | 469,875 |
| - General departmental expenses | 13,036 | 23,791 | 23,595 | 26,416 |
| Other Charges | | | | |
| - Rents and management charges for properties (other than quarters) | 621,177 | 679,442 | 623,350 | 614,013 |
| | 2,402,626 | 2,547,665 | 2,498,123 | 2,637,379 |

Capital Account

Plant, Equipment and Works

5 Provision of \$66,838,000 under *Subhead 661 Minor plant, vehicles and equipment (block vote)* represents a decrease of \$24,661,000 (27.0%) against the revised estimate for 2022–23. This is mainly due to the decreased requirement for scheduled replacement of minor plant and equipment in 2023–24.