

## Head 51 — GOVERNMENT PROPERTY AGENCY

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

**Estimate 2002–03** ..... **\$1,870.7m**

**Establishment ceiling 2002–03** (notional annual mid-point salary value) representing an estimated 235 non-directorate posts at 31 March 2002 reducing by seven posts to 228 posts at 31 March 2003... **\$91.2m**

In addition there will be an estimated seven directorate posts at 31 March 2002 and at 31 March 2003.

### 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 the Treasury).

#### Detail

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

|                           | 2000–01<br>(Actual) | 2001–02<br>(Approved) | 2001–02<br>(Revised) | <b>2002–03<br/>(Estimate)</b> |
|---------------------------|---------------------|-----------------------|----------------------|-------------------------------|
| Financial provision (\$m) | 874.7               | 969.9<br>(+10.9%)     | 850.4<br>(–12.3%)    | <b>848.9<br/>(–0.2%)</b>      |

#### Aim

2 The aim is to meet the Government's accommodation needs in an economical and cost-effective manner.

#### Brief Description

3 This programme involves:

- co-ordinating and assessing the Government's accommodation needs;
- planning to meet the Government's accommodation needs through construction of new government offices buildings and renting or purchasing at terms most advantageous to the Government;
- allocating accommodation to government departments;
- assessing requirements for Government, Institution and Community (GIC) accommodation in private developments;
- planning and monitoring major refurbishment of government buildings;
- setting, assessing and reviewing space and furniture standards in office and specialist buildings;
- vetting schedules of accommodation from government departments and voluntary organisations using government accommodation; and
- negotiating the best overall deal for the Government for acquired and leased accommodation.

4 The key performance measures in respect of meeting the Government's accommodation needs are:

#### Targets

|  | Target | 2000<br>(Actual) | 2001<br>(Actual) | <b>2002<br/>(Plan)</b> |
|--|--------|------------------|------------------|------------------------|
| take-up rate of office accommodation (%)   | 99.8   | 99.8             | 99.8             | <b>99.8</b>            |
| rental level of leased offices (% of market rent).....   | 95.0   | 96.0             | 96.0             | <b>95.0</b>            |
| take-up rate of quarters (%).....  | 99.8   | 99.8             | 99.6             | <b>99.8</b>            |
| rental level of leased quarters (% of market rent).....  | 97.0   | 97.0             | 97.0             | <b>97.0</b>            |
| identify suitable premises to lease within three months of GPA's agreement to provide leased office accommodation (%)..... | 90.0§  | 86.4             | 90.0             | <b>90.0</b>            |

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§ The target was 87% in 2001.

### Indicators

|  | 2000<br>(Actual) | 2001<br>(Actual) | 2002<br>(Estimate) |
|--|------------------|------------------|--------------------|
| total area of office space† (m <sup>2</sup> ) .....                  | 1 216 521        | 1 244 835        | 1 265 000          |
| total no. of non-departmental quarters .....                         | 1 128            | 1 103            | 1 051              |
| total no. of departmental quarters.....                              | 23 903           | 23 487           | 23 967             |
| percentage of office space owned by the Government.....              | 76.9             | 75.8             | 76.2               |
| percentage of non-departmental quarters owned by the Government..... | 99.9             | 99.9             | 99.9               |
| percentage of departmental quarters owned by the Government.....     | 98.7             | 98.8             | 99.5               |

† Excluding specialist buildings occupied and managed by user departments.

### Matters Requiring Special Attention in 2002–03

5 During 2002–03, the Agency will continue to:

- acquire accommodation by the most economical and cost-effective means;
- encourage economic and efficient utilisation of office accommodation by departments through regular and critical review of operational requirements; and
- achieve more efficient use of space in government offices through refurbishment and replacement of old style furniture by less bulky office furniture.

### Programme (2): Property Management

|                           | 2000–01<br>(Actual) | 2001–02<br>(Approved) | 2001–02<br>(Revised) | 2002–03<br>(Estimate) |
|---------------------------|---------------------|-----------------------|----------------------|-----------------------|
| Financial provision (\$m) | 858.8               | 917.3<br>(+6.8%)      | 878.2<br>(–4.3%)     | 901.0<br>(+2.6%)      |

### Aim

6 The aim is to manage government properties under the control of the Agency efficiently and cost-effectively; 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:

- managing government quarters, offices, other non-domestic accommodation and GIC accommodation in private developments;
- contracting out the management of government properties as far as practicable;
- reviewing maintenance, security and amenity standards; and
- scrutinising and executing Deeds of Mutual Covenant, assignments and related documents in respect of GIC accommodation in private developments.

8 The key performance measure is:

### Target

|   | Target | 2000<br>(Actual) | 2001<br>(Actual) | 2002<br>(Plan) |
|---|--------|------------------|------------------|----------------|
| performance level of property management services contractors (average percentage score measured according to the service level specified in the property management service contracts) ..... | 95%    | N.A.§            | 92%              | 95%            |

§ Not applicable because this target only came into existence in 2001.

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### Indicators

|   | 2000<br>(Actual) | 2001<br>(Actual) | 2002<br>(Estimate) |
|---|------------------|------------------|--------------------|
| management of government estates  |                  |                  |                    |
| no. of GIC non-domestic properties in private developments managed by the Agency.....                                 | 158              | 163              | 172                |
| no. of residential flats managed by the Agency.....   | 21 871           | 23 802           | 24 997#            |
| no. of government joint-user buildings managed by the Agency .....  | 50               | 50               | 49                 |
| other accommodation managed by the Agency   |                  |                  |                    |
| no. of sites .....  | 30               | 33               | 33                 |
| area (m <sup>2</sup> ) .....  | 983 225          | 974 636          | 1 110 904          |
| average management fee for non-domestic accommodation in private developments (\$/m <sup>2</sup> /month)† .....       | 44.9             | 44.5             | 45                 |
| average management cost of major joint-user buildings (excluding electricity charges) (\$/m <sup>2</sup> /month)..... | 10               | 9.5              | 10                 |
| average management fee for quarters in private developments (\$/m <sup>2</sup> /month)† .....                         | 15.7             | 16.4             | 16.5               |
| average management cost of government wholly-owned quarters (\$/m <sup>2</sup> /month) .....                          | 8                | 7.6              | 8                  |

# Includes departmental quarters managed by the Agency pending disposal.

† Management fees paid for accommodation in private developments are inclusive of utility charges, expenditure on regular maintenance and provision for anticipated major repairs.

### Matters Requiring Special Attention in 2002–03

9 The Agency introduced three performance-based contracts in 2001–02 to replace the input-based prescriptive contracts in order to further improve the efficiency and effectiveness in providing property management services. The new approach has been successfully implemented and the Agency will proceed to award the fourth contract in 2002.

### Programme (3): Estate Utilisation

|                           | 2000–01<br>(Actual) | 2001–02<br>(Approved) | 2001–02<br>(Revised) | 2002–03<br>(Estimate) |
|---------------------------|---------------------|-----------------------|----------------------|-----------------------|
| Financial provision (\$m) | 120.2               | 119.4<br>(–0.7%)      | 120.9<br>(+1.3%)     | 120.8<br>(–0.1%)      |

### Aim

10 The aim is to optimise the utilisation of all government sites.

### Brief Description

11 This programme involves:

- reviewing the existing and planned use of GIC sites;
- identifying under-developed sites, formulating proposals to optimise their utilisation, including planning and co-ordinating joint-user development or releasing the sites for disposal or other purposes;
- monitoring utilisation of sites being developed by government departments with a view to optimising the site potential;
- identifying and disposing of surplus properties;
- exploiting commercial opportunities within government estates in appropriate cases; 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 | 2000<br>(Actual) | 2001<br>(Actual) | 2002<br>(Plan) |
|---|--------|------------------|------------------|----------------|
| no. of sites for review# .....  | 260    | 258              | 260              | 260            |
| no. of sites to be released for disposal, redevelopment or other purposes ..... | 20     | 20               | 20               | 20             |

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# Review includes liaison with relevant departments with a view to formulating a strategy on release of developed sites or reserved sites; monitoring the utilisation of sites to be developed by government departments with a view to optimising the site potential.

### *Indicators*

|  | 2000<br>(Actual) | 2001<br>(Actual) | 2002<br>(Estimate) |
|--|------------------|------------------|--------------------|
| items included in prioritised redevelopment programme.....                     | 13               | 17               | <b>22</b>          |
| non-domestic premises  |                  |                  |                    |
| no. of lettings .....  | 275              | 356              | <b>500</b>         |
| rental income (\$m).....   | 249              | 419†             | <b>376</b>         |
| domestic premises  |                  |                  |                    |
| no. of lettings .....  | 580              | 580              | <b>580</b>         |
| rental income (\$m).....   | 177.7            | 199              | <b>190</b>         |
| surplus sites for release to Lands Department.....                             | 2                | 3                | <b>11</b>          |
| no. of government premises identified for commercialisation opportunities..... | 40               | 59               | <b>99</b>          |

† 2001 actual rental income includes the premium of \$101.3 million for the Queensway Plaza tenancy which commenced on 30 January 2002.

### *Matters Requiring Special Attention in 2002–03*

**13** During 2002–03, the Agency will continue to:

- roll forward and carry out the prioritised programme for redeveloping existing under-utilised government sites;
- provide active support to government departments' review of site requirements and co-ordinate action to bring about optimum utilisation of government sites; and
- identify and take forward commercial opportunities in government buildings.

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### ANALYSIS OF FINANCIAL PROVISION

| <b>Programme</b>                    | 2000-01<br>(Actual)<br>(\$m) | 2001-02<br>(Approved)<br>(\$m) | 2001-02<br>(Revised)<br>(\$m) | 2002-03<br>(Estimate)<br>(\$m)   |
|-------------------------------------|------------------------------|--------------------------------|-------------------------------|----------------------------------|
| (1) Acquisition and Allocation..... | 874.7                        | 969.9                          | 850.4                         | <b>848.9</b>                     |
| (2) Property Management .....       | 858.8                        | 917.3                          | 878.2                         | <b>901.0</b>                     |
| (3) Estate Utilisation .....        | 120.2                        | 119.4                          | 120.9                         | <b>120.8</b>                     |
|                                     | <u>1,853.7</u>               | <u>2,006.6</u><br>(+8.2%)      | <u>1,849.5</u><br>(-7.8%)     | <u><b>1,870.7</b></u><br>(+1.1%) |

#### Analysis of Financial and Staffing Provision

##### Programme (1)

Provision for 2002-03 is \$1.5 million (0.2%) lower than the revised estimate for 2001-02.

##### Programme (2)

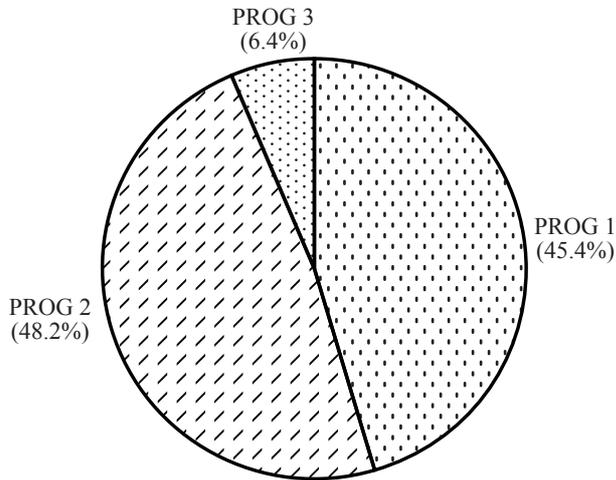
Provision for 2002-03 is \$22.8 million (2.6%) higher than the revised estimate for 2001-02. This is mainly due to the payment of management expenses for newly-built properties, namely Shatin Government Offices and four disciplined services quarter developments; and maintenance projects for government owned properties in private developments. The increase in expenditure is partly offset by devolution of contract management of cleaning services for departmental premises to user departments and savings achieved by the deletion of seven posts in 2002-03.

##### Programme (3)

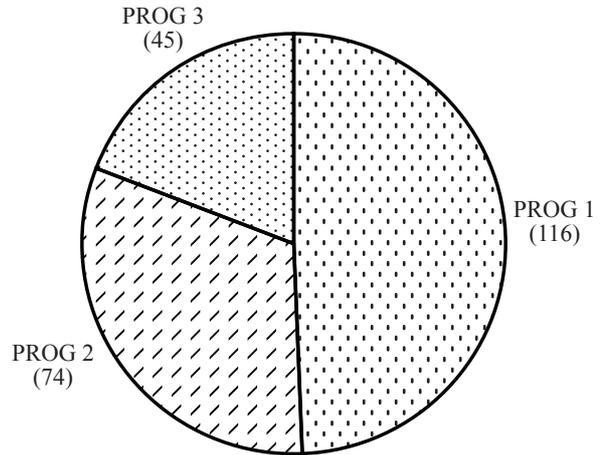
Provision for 2002-03 is \$0.1 million (0.1%) lower than the revised estimate for 2001-02.

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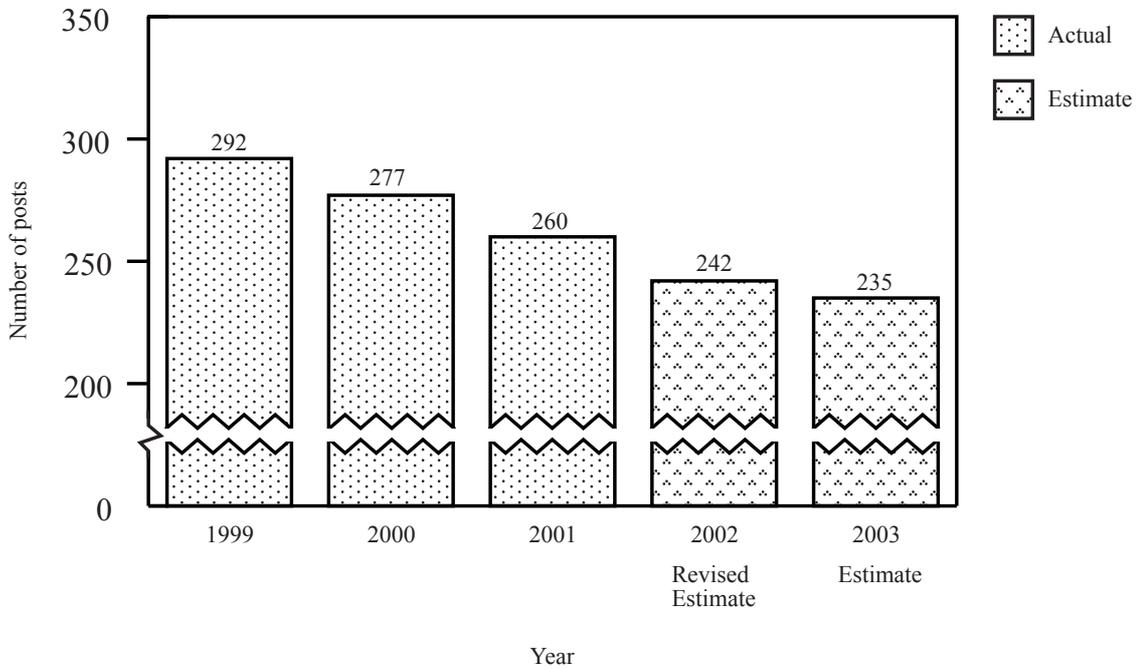
*Allocation of provision to programmes (2002-03)*



*Staff by programme (as at 31 March 2003)*



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



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| Sub-head<br>(Code)              | Actual<br>expenditure<br>2000-01   | Approved<br>estimate<br>2001-02 | Revised<br>estimate<br>2001-02 | <b>Estimate<br/>2002-03</b> |                                |
|---------------------------------|--|---------------------------------|--------------------------------|-----------------------------|--------------------------------|
|                                 | \$'000   | \$'000                          | \$'000                         | <b>\$'000</b>               |                                |
| <b>Recurrent Account</b>        |  |                                 |                                |                             |                                |
| I — Personal Emoluments         |  |                                 |                                |                             |                                |
| 001                             | Salaries .....   | 109,925                         | 104,726                        | 112,545                     | <b>111,157</b>                 |
| 002                             | Allowances .....   | 1,346                           | 1,736                          | 1,136                       | <b>1,425</b>                   |
|                                 | Job-related allowances .....   | 10                              | 3                              | 1                           | <b>—</b>                       |
|                                 | Total, Personal Emoluments .....   | <u>111,281</u>                  | <u>106,465</u>                 | <u>113,682</u>              | <b><u>112,582</u></b>          |
| II — Personnel Related Expenses |  |                                 |                                |                             |                                |
| 030                             | Leasing and management of quarters .....                                   | 237,088                         | 249,397                        | 219,928                     | <b>265,599</b>                 |
|                                 | Total, Personnel Related Expenses .....                                    | <u>237,088</u>                  | <u>249,397</u>                 | <u>219,928</u>              | <b><u>265,599</u></b>          |
| III — Departmental Expenses     |  |                                 |                                |                             |                                |
| 104                             | Light and power .....  | 212,696                         | 216,466                        | 216,419                     | <b>222,713</b>                 |
| 111                             | Hire of services and professional fees .....                               | 155,848                         | 177,462                        | 176,702                     | <b>105,789</b>                 |
| 119                             | Specialist supplies and equipment .....                                    | 10,625                          | 8,936                          | 8,936                       | <b>8,787</b>                   |
| 125                             | Workshop services .....  | 170,924                         | 176,999                        | 176,465                     | <b>198,243</b>                 |
| 149                             | General departmental expenses .....  | 4,491                           | 6,009                          | 6,009                       | <b>7,549</b>                   |
|                                 | Total, Departmental Expenses .....   | <u>554,584</u>                  | <u>585,872</u>                 | <u>584,531</u>              | <b><u>543,081</u></b>          |
| IV — Other Charges              |  |                                 |                                |                             |                                |
| 283                             | Rents and management charges for properties<br>(other than quarters) ..... | 938,274                         | 1,046,392                      | 914,098                     | <b>938,473</b>                 |
|                                 | Total, Other Charges .....   | <u>938,274</u>                  | <u>1,046,392</u>               | <u>914,098</u>              | <b><u>938,473</u></b>          |
|                                 | Total, Recurrent Account .....   | <u>1,841,227</u>                | <u>1,988,126</u>               | <u>1,832,239</u>            | <b><u>1,859,735</u></b>        |
| <b>Capital Account</b>          |  |                                 |                                |                             |                                |
| I — Plant, Equipment and Works  |  |                                 |                                |                             |                                |
| 661                             | Minor plant, vehicles and equipment (block<br>vote) .....                  | 12,520                          | 18,500                         | 17,226                      | <b>10,979</b>                  |
|                                 | Total, Plant, Equipment and Works .....                                    | <u>12,520</u>                   | <u>18,500</u>                  | <u>17,226</u>               | <b><u>10,979</u></b>           |
|                                 | Total, Capital Account .....   | <u>12,520</u>                   | <u>18,500</u>                  | <u>17,226</u>               | <b><u>10,979</u></b>           |
|                                 | Total Expenditure .....  | <u><u>1,853,747</u></u>         | <u><u>2,006,626</u></u>        | <u><u>1,849,465</u></u>     | <b><u><u>1,870,714</u></u></b> |

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### Details of Expenditure by Subhead

The estimate of the amount required in 2002–03 for the salaries and expenses of the Government Property Agency is \$1,870,714,000. This represents an increase of \$21,249,000 over the revised estimate for 2001–02 and of \$16,967,000 over actual expenditure in 2000–01.

#### *Recurrent Account*

##### Personal Emoluments

**2** Provision of \$112,582,000 for personal emoluments represents a decrease of \$1,100,000 against the revised estimate for 2001–02.

**3** The establishment at 31 March 2002 will be 242 permanent posts. It is expected that seven permanent posts will be deleted in 2002–03.

**4** Subject to certain conditions, the controlling officer may under delegated powers create or delete non-directorate posts during 2002–03, but the notional annual mid-point salary value of all such posts must not exceed \$91,237,000

**5** Provision of \$1,425,000 under *Subhead 002 Allowances* is for standard allowances. It represents an increase of \$289,000 (25.4%) over the revised estimate for 2001–02. This is mainly due to lower than expected requirements for acting allowance in 2001–02.

##### Personnel Related Expenses

**6** Provision of \$265,599,000 under *Subhead 030 Leasing and management of quarters* is for payment of rent and management charges for government quarters. It represents an increase of \$45,671,000 (20.8%) over the revised estimate for 2001–02. This is mainly due to the increased requirement for renovation works to be carried out in quarters, partly offset by savings in rental expenses.

##### Departmental Expenses

**7** Provision of \$222,713,000 under *Subhead 104 Light and power* is for electricity charges for all joint-user buildings.

**8** Provision of \$105,789,000 under *Subhead 111 Hire of services and professional fees* is mainly for contract cleaning, security and property management services for buildings managed by the Government. It represents a decrease of \$70,913,000 (40.1%) against the revised estimate for 2001–02. This is mainly due to the devolution of contract management of cleaning services for departmental premises to user departments.

**9** Provision of \$8,787,000 under *Subhead 119 Specialist supplies and equipment* is for supply and replacement of domestic appliances, including gas appliances, in government quarters according to approved scales and for maintenance of gas appliances.

**10** Provision of \$198,243,000 under *Subhead 125 Workshop services* is for maintenance of electrical, air-conditioning, refrigeration and mechanical plants and equipment in various government buildings. It represents an increase of \$21,778,000 (12.3%) over the revised estimate for 2001–02. This is mainly due to the additional requirement in respect of the new Shatin Government Offices and new quarter sites.

**11** Provision of \$7,549,000 under *Subhead 149 General departmental expenses* represents an increase of \$1,540,000 (25.6%) over the revised estimate for 2001–02. This is mainly due to the additional requirement for contract maintenance of computer systems.

##### Other Charges

**12** Provision of \$938,473,000 under *Subhead 283 Rents and management charges for properties (other than quarters)* is for payment of rents, management and car-park charges for leased and government owned/jointly-owned properties other than quarters.

#### *Capital Account*

##### Plant, Equipment and Works

**13** Provision of \$10,979,000 under *Subhead 661 Minor plant, vehicles and equipment (block vote)* represents a decrease of \$6,247,000 (36.3%) against the revised estimate for 2001–02. This is mainly due to a decrease in the number of plant and equipment due for replacement.