

Head 51 — GOVERNMENT PROPERTY AGENCY

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

Estimate 2015–16 **\$1,901.4m**

Establishment ceiling 2015–16 (notional annual mid-point salary value) representing an estimated 206 non-directorate posts as at 31 March 2015 and as at 31 March 2016..... **\$105.8m**

In addition, there will be an estimated seven directorate posts as at 31 March 2015 and as at 31 March 2016.

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 Financial Services and the Treasury).

Detail

Programme (1): Acquisition and Allocation

	2013–14 (Actual)	2014–15 (Original)	2014–15 (Revised)	2015–16 (Estimate)
Financial provision (\$m)	747.9	803.1	800.0 (–0.4%)	791.6 (–1.1%)
				(or –1.4% on 2014–15 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; and
- assessing requirements for Government, Institution and Community (GIC) accommodation in private developments.

Head 51 — GOVERNMENT PROPERTY AGENCY

4 The key performance measures are:

Targets

	Target	2013 (Actual)	2014 (Actual)	2015 (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	94.8	95.8	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	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

	2013 (Actual)	2014 (Actual)	2015 (Estimate)
total area of office space (m ²) ^Λ	994 526	1 010 982	1 042 000
office space owned by Government (%).....	70.6	69.0	70.0
office space leased by Government (%).....	29.4	31.0	30.0
new allocation of owned office space to government bureaux/departments (m ²).....	3 816	7 690	48 000
net change in leased office accommodation (m ²).....	13 728#	21 035#	(600)Ψ
renewals of leased office accommodation (m ²).....	72 223	39 282	71 000
non-departmental quarters (NDQs).....	683	657	650
NDQs owned by Government (%).....	100	100	100
departmental quarters (DQs).....	22 729	22 744	22 900
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.

Ψ The net decrease in leased office accommodation is mainly due to leasing.

Matters Requiring Special Attention in 2015–16

5 During 2015–16, the Agency will:

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

Programme (2): Property Management

	2013–14 (Actual)	2014–15 (Original)	2014–15 (Revised)	2015–16 (Estimate)
Financial provision (\$m)	1,068.9	1,022.9	1,023.5 (+0.1%)	1,058.8 (+3.4%)
				(or +3.5% on 2014–15 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.

Head 51 — GOVERNMENT PROPERTY AGENCY

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	2013 (Actual)	2014 (Actual)	2015 (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	95	95

Indicators

	2013 (Actual)	2014 (Actual)	2015 (Estimate)
management of government properties			
GIC non-domestic properties in private developments under the custody of the Agency	217	221	223
residential flats managed by the Agency	22 194	22 182	22 308
government joint-user buildings managed by the Agency	47	46	47
other accommodation managed by the Agency			
sites	16	16	13
area (m ²)	308 718	302 796	207 825
average management fee for non-domestic accommodation in private developments (\$/m ² /month)§	44.9	45.1	48.5
average management cost of major joint-user buildings (\$/m ² /month)Ω	13.5	14.0	14.7
average management fee for quarters in private developments (\$/m ² /month)§	22.1	17.1	18.0
average management cost of wholly-owned government quarters (\$/m ² /month)Ω	10.3	10.8	11.2

§ 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 2015–16

- 9 During 2015–16, the Agency will continue to:
- monitor the performance of its property management services contractors with a view to enhancing their efficiency and effectiveness, and
 - take forward measures to reduce energy consumption in government joint-user buildings.

Head 51 — GOVERNMENT PROPERTY AGENCY

Programme (3): Estate Utilisation

	2013–14 (Actual)	2014–15 (Original)	2014–15 (Revised)	2015–16 (Estimate)
Financial provision (\$m)	49.5	47.2	49.1 (+4.0%)	51.0 (+3.9%)
				(or +8.1% on 2014–15 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 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; 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	2013 (Actual)	2014 (Actual)	2015 (Plan)
preparing and issuing tender/quotation invitation to lease out non-domestic premises within three months upon completion of feasibility study (%) β	95	100	100	95
let out rate of surplus government quarters with tenure of two years or more (%) Δ ...	90.0	93.2	90.0	90.0

β Revised description of the previous target “preparing and issuing tender invitation to lease out non-domestic premises within three months upon completion of feasibility study” as from 2015.

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

Indicators

	2013 (Actual)	2014 (Actual)	2015 (Estimate)
sites for review ϕ	85	85	85
sites ready to be released for disposal, redevelopment or other purposes	7	3	4
non-domestic premises			
lettings	825	859	916
rental income (\$m)	550.2	603.0	608.0
domestic premises			
lettings	295	298	290
rental income (\$m)	164.7	159.9	159.5
ratio of rental income in respect of domestic and non-domestic premises to related staff cost \ddagger	21	22	21

Head 51 — GOVERNMENT PROPERTY AGENCY

	2013 (Actual)	2014 (Actual)	2015 (Estimate)
government premises identified as having new commercialisation opportunities.....	10	8	6

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.

‡ 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 2015–16

13 During 2015–16, 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, and
- identify government properties held by the Agency under its portfolio with commercialisation potential with a view to realising such potential.

Head 51 — GOVERNMENT PROPERTY AGENCY

ANALYSIS OF FINANCIAL PROVISION

	2013–14 (Actual) (\$m)	2014–15 (Original) (\$m)	2014–15 (Revised) (\$m)	2015–16 (Estimate) (\$m)
Programme				
(1) Acquisition and Allocation	747.9	803.1	800.0	791.6
(2) Property Management	1,068.9	1,022.9	1,023.5	1,058.8
(3) Estate Utilisation	49.5	47.2	49.1	51.0
	1,866.3	1,873.2	1,872.6 (—)	1,901.4 (+1.5%)
				(or +1.5% on 2014–15 Original)

Analysis of Financial and Staffing Provision

Programme (1)

Provision for 2015–16 is \$8.4 million (1.1%) lower than the revised estimate for 2014–15. This is mainly due to anticipated savings from the de-leasing of rented accommodation, partly offset by anticipated increases in office rentals.

Programme (2)

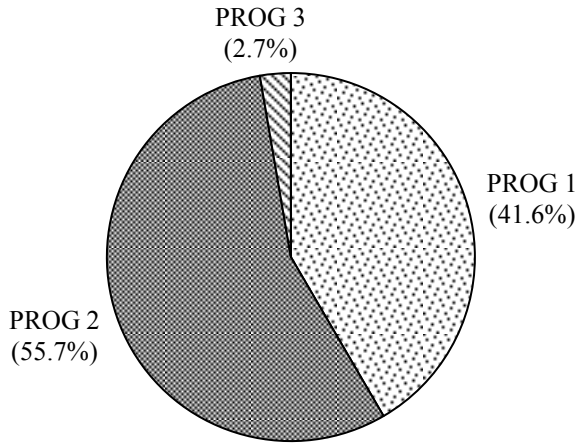
Provision for 2015–16 is \$35.3 million (3.4%) higher than the revised estimate for 2014–15. This is mainly due to anticipated increases in management charges, costs of property management services, workshop services, requirements for major renovation works for government-owned properties in private developments and provision for contingencies.

Programme (3)

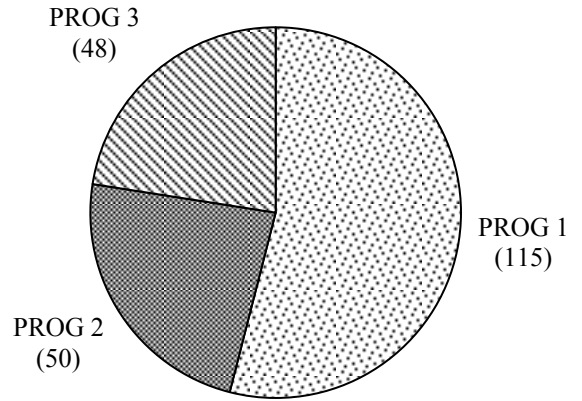
Provision for 2015–16 is \$1.9 million (3.9%) higher than the revised estimate for 2014–15. This is mainly due to salary increments for staff.

Head 51 — GOVERNMENT PROPERTY AGENCY

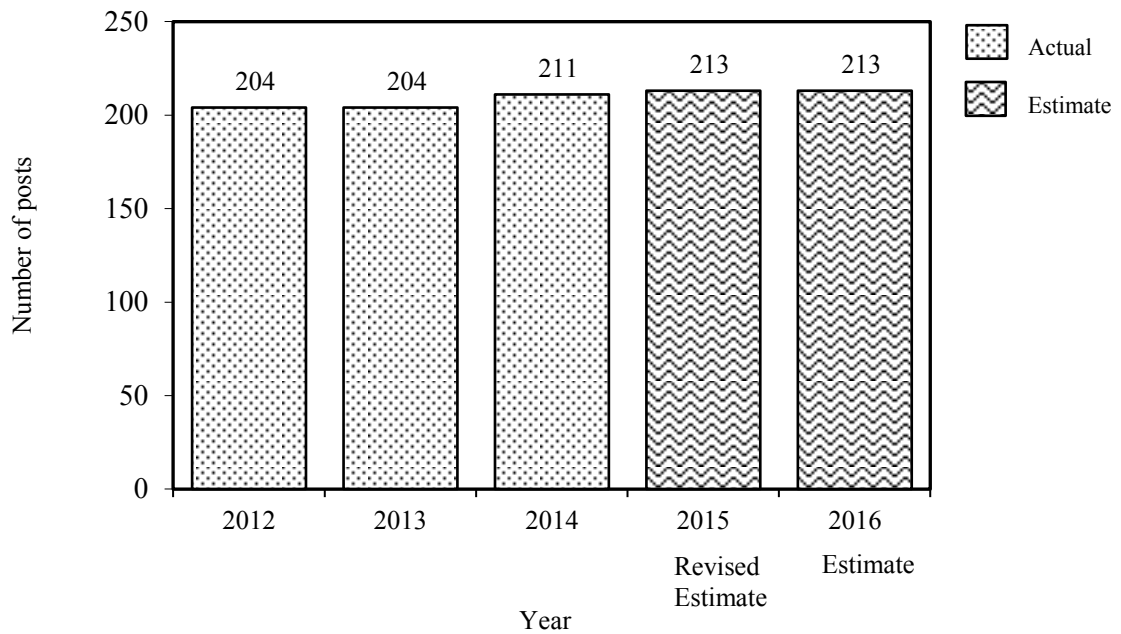
Allocation of provision to programmes (2015-16)



Staff by programme (as at 31 March 2016)



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



Head 51 — GOVERNMENT PROPERTY AGENCY

Sub-head (Code)	Actual expenditure 2013-14	Approved estimate 2014-15	Revised estimate 2014-15	Estimate 2015-16	
	\$'000	\$'000	\$'000	\$'000	
Operating Account					
Recurrent					
000	Operational expenses	1,851,280	1,856,245	1,856,245	1,884,488
	Total, Recurrent.....	1,851,280	1,856,245	1,856,245	1,884,488
	Total, Operating Account	1,851,280	1,856,245	1,856,245	1,884,488
<hr/>					
Capital Account					
Plant, Equipment and Works					
661	Minor plant, vehicles and equipment (block vote).....	14,985	16,961	16,380	16,961
	Total, Plant, Equipment and Works.....	14,985	16,961	16,380	16,961
	Total, Capital Account.....	14,985	16,961	16,380	16,961
<hr/>					
	Total Expenditure	1,866,265	1,873,206	1,872,625	1,901,449
		<u>1,866,265</u>	<u>1,873,206</u>	<u>1,872,625</u>	<u>1,901,449</u>

Head 51 — GOVERNMENT PROPERTY AGENCY

Details of Expenditure by Subhead

The estimate of the amount required in 2015–16 for the salaries and expenses of the Government Property Agency is \$1,901,449,000. This represents an increase of \$28,824,000 over the revised estimate for 2014–15 and of \$35,184,000 over the actual expenditure in 2013–14.

Operating Account

Recurrent

2 Provision of \$1,884,488,000 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 2015 will be 213 permanent posts. No change in establishment is expected in 2015–16. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2015–16, but the notional annual mid-point salary value of all such posts must not exceed \$105,776,000.

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

	2013–14 (Actual) (\$'000)	2014–15 (Original) (\$'000)	2014–15 (Revised) (\$'000)	2015–16 (Estimate) (\$'000)
Personal Emoluments				
- Salaries.....	117,267	123,007	124,085	129,466
- Allowances.....	1,755	1,776	1,838	1,930
- Job-related allowances.....	—	10	2	10
Personnel Related Expenses				
- Leasing and management of quarters	271,200	255,825	254,278	255,699
- Mandatory Provident Fund contribution.....	270	207	304	262
- Civil Service Provident Fund contribution.....	2,143	3,037	3,091	3,851
Departmental Expenses				
- Light and power.....	270,105	280,530	280,532	286,282
- Hire of services and professional fees	136,883	130,836	131,257	134,738
- Specialist supplies and equipment	15,457	15,000	15,000	15,000
- Workshop services.....	262,787	214,447	218,032	222,501
- General departmental expenses	9,300	9,928	8,554	9,315
Other Charges				
- Rents and management charges for properties (other than quarters).....	764,113	821,642	819,272	825,434
	1,851,280	1,856,245	1,856,245	1,884,488