

**Supplementary information for
the Panel on Financial Affairs in connection with
Agenda Item I of the meeting held on 17 March 2020**

- (a) The shortcomings of the existing approach of using the Building Management Committees formed by user departments accommodated in the boundary control points for the management of the property and facilities therein

Boundary control points (“BCPs”) are one of the crucial components of cross-boundary facilities. By convention, user departments at the BCPs share the property management responsibilities by setting up Building Management Committees (“BMCs”). The existing BMCs of BCPs comprise representatives from all or most of the user departments with their chairmen elected among member departments on a permanent or rotation basis. In this respect, the BMCs are chaired by and comprise only frontline officers of the BCP law enforcement agencies (“LEAs”) such as uniformed staff of Immigration Department, Customs and Excise Department and Hong Kong Police Force as well as staff from Department of Health, Food and Environmental Hygiene Department, etc. serving on a part-time basis, in addition to their daily operational duties.

2. BMCs set up in the afore-mentioned manner do not have expertise in property management. Therefore they sometimes encounter difficulties in handling complicated property and facilities management issues and, in particular, coordinating with or providing leadership for other user departments in handling such issues. These difficulties are becoming more evident with the commissioning of the Hong Kong-Zhuhai-Macao Bridge Hong Kong Port (“HZMB HKP”) in October 2018 and the Heung Yuen Wai BCP in the pipeline. HZMB HKP is built on an artificial island of about 130 hectares which provides clearance facilities for passengers and vehicles to enter or leave Hong Kong on a 24-hour basis throughout the year. There are about 60 joint-user port buildings/facilities and a landscape area of about 400 000 m² at the HZMB BCP, with the largest landmark being the Passenger Clearance Building, which has a construction floor area of about 90 000 m². There are also a number of commercial facilities such as convenience stores and restaurants inside the restricted area of the BCP and a Public Transport Interchange and a public car park with a total of over 700 car parking spaces. Given passengers’ increasingly high expectation on the level of services, the continued adoption of the BMC mechanism is not the most effective way for BCP property management, particularly for new large-scale BCPs. Details of

the shortcomings of the existing approach are set out in the ensuing paragraphs.

3. Firstly, as the BMC members have no expertise in property and facilities management, it generally takes a long time to resolve issues requiring cross-departmental support and inputs. Initiating or taking forward effective property management practices could also be difficult. This in turn undermines the effectiveness of the operations of BCPs, especially large scale ones which require more proactive management and coordination.

4. Secondly, property management including the administration and monitoring of property management contracts, particularly for large scale properties and facilities, require professional expertise and coordination of different disciplines such as estate surveyors, maintenance surveyors, building supervisors, etc. Frontline officers of the user departments of the BCPs are only committed to the work of the BMCs on a part-time basis, and are rotated among the posts at the BCPs within individual departments from time to time. The chairmanship of the BMCs also rotate periodically among the user departments. Without the required knowledge and skills in handling property and facilities management or dedicated efforts in engaging property management contractors, it is difficult for user departments to build up their skill set or retain the experience gained so as to achieve continuous improvements in property management services for the BCPs.

5. Thirdly, as mentioned above, user departments are not provided with dedicated manpower in most BCPs for performing the BMC-related duties. After transferring the responsibilities of property and facilities management of existing BCPs from user departments to Government Property Agency (“GPA”) as proposed, the LEAs and other user departments can deploy their manpower so released to focus on their core functions.

6. With more large-scale BCPs being commissioned, the current BMC mechanism is not the most efficient set-up for addressing the complicated property and facilities management issues at the BCPs. The absence of a single management authority with sufficient property and facilities management expertise and experience would also constrain the implementation of new initiatives, and continuous improvement of the management efficiency of the BCPs for meeting the increasing high expectation on quality cross-boundary services. Moreover, assigning a single dedicated department to oversee the property and facilities

management of the BCPs will be more cost effective, make better use of the staffing resources and enable an effective, efficient and consistent approach in the management of the BCPs, as well as creating synergy in enhancing the services at different BCPs as a whole.

(b) How the proposed permanent Principal Valuation Surveyor (“PVS”) can improve the management work as compared with the existing approach

7. It is a complex task to manage the properties and facilities of the BCPs professionally, particularly for the large scale BCPs. The proposed PVS, who is equipped with professional knowledge and skills required for property and facilities management, will be responsible for mapping out the effective management of the BCPs with a view to ensuring that they can support the smooth flow of people and goods in and out of Hong Kong, in the course of GPA taking over the property management duties of the BCPs in a phased approach¹. To enhance the efficiency, effectiveness and quality of property management services at the BCPs, the proposed PVS would plan and steer implementation of improvements in the following specific aspects -

(i) *An “outcome-based” approach in service contract management*

8. While the current property management services of the BCPs are mostly provided by outsourced property management agents, the monitoring of the services are based on inputs specified in the contracts, e.g. the number of manpower to be deployed at designated times at specific venues, instead of specifying the service levels or outcomes to be achieved by the contractors. Migration to the “outcome-based” approach will ensure more effective monitoring of services, but also requires considerable resources, planning and expertise in the administration of the contracts. The proposed creation of the PVS post will enable gradual migration to an “outcome-based” approach in the engagement of service contractors, focus on the performance and outcomes of the contractors in terms of availability and reliability of services, response times and corrective actions, etc. instead of just specifying the inputs required.

¹ The 13 BCPs to be put under GPA’s charge in a phased approach as proposed include the HZMB HKP, the new Heung Yuen Wai BCP, Lo Wu Control Point, Lok Ma Chau Spur Line Control Point, West Kowloon Station of the Guangzhou-Shenzhen-Hong Kong Express Rail Link, Shenzhen Bay Port Hong Kong Port Area, Lok Ma Chau BCP, Sha Tau Kok BCP, Man Kam To BCP, China Ferry Terminal, Hong Kong-Macau Ferry Terminal, Tuen Mun Ferry Terminal and Kai Tak Cruise Terminal.

Such an “outcome-based” approach would enable GPA, in managing the BCPs, to focus on strategic issues of contract management, standard and level of services provided for site management, cleansing, security services, formulation of management, contingency, safety and quality plans, etc. and supervision for achieving a higher standard of property management, instead of spending time and efforts in checking whether the contractors comply with the provision of inputs required in the contracts under the current approach. For effective enforcement of the contracts, there will be provisions for service payment deductions for default in case the contractors fail to achieve the standards of the services required. While user departments are involved in the evaluation of the contractors’ performance on site by a set of key performance indicators set out in the contracts, the design, assessment and monitoring mechanisms of the “outcome-based” contracts, particularly for large and complex property and facilities management such as the HZMB HKP, require the planning, steer and coordination efforts of a directorate officer on a full time basis.

9. Specifically, the proposed PVS will lead the new BCP Division in GPA to:

- (a) establish an “outcome-based” approach in delivering quality property management services in various BCPs;
 - (b) draw up relevant terms, service standards and performance levels to be attained by the property management contractors in collaboration with stakeholders of the BCPs;
 - (c) prepare tender documents to incorporate the relevant terms in relation to such “outcome-based” approach system and oversee the tendering processes; and
 - (d) lead a monitoring team to ensure that the contractors have attained the required service levels and standards as prescribed in the contracts.
- (ii) *Consolidating property management service contracts at the BCPs to enhance efficiency and achieve economies of scale*

10. Under the existing approach, cleansing and security contracts at individual BCPs are managed by the respective LEAs and other user departments under individual contracts. After GPA’s taking over of the property and facilities management of the BCPs, the proposed PVS will lead the BCP Division to conduct comprehensive reviews on the property

management arrangements of the BCPs to be put under GPA's charge. Based on his/her expertise and experience in property management, he/she will explore the feasibility of consolidating the property management service contracts of different BCPs in a gradual and orderly manner to achieve greater efficiencies and economies of scale in contract management; and deliver effective and value for money property management services through open tendering and engagement of appropriate property management services agents.

(iii) Strengthening timely identification and proper rectification of maintenance defects for the smooth operation of the BCPs

11. Early identification and rectification of building/facilities defects are crucial to facilitate the smooth operation of a BCP. As user departments do not possess relevant knowledge in property management, it could be difficult for them to identify technical defects or maintenance issues before disruptions are found. They might also not have the expertise to deal with defect rectifications effectively.

12. To ensure the maintenance of effective and smooth operation of the BCPs at all times, the proposed PVS will set up a monitoring system supported by his/her team of professional and technical staff to conduct regular on-site inspections and checking to ensure the proper maintenance of the facilities in the BCPs. As the team of professional staff led by the proposed PVS possess expertise and know-how in property and facilities management, including estate surveying, building maintenance, architectural skills, etc., they are in a more ready position to identify maintenance defects in good time, and in the event of complicated problems or emergency situations, to efficiently work in collaboration with relevant maintenance parties, for example, Architectural Services Department and Electrical and Mechanical Services Department, to sort out critical technical issues as well as coordinate with user departments for carrying out the rectification works on site.

**Financial Services and the Treasury Bureau
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