

Head 51 — GOVERNMENT PROPERTY AGENCY

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

Estimate 2021–22 **\$2,684.5m**

Establishment ceiling 2021–22 (notional annual mid-point salary value) representing an estimated 337 non-directorate posts as at 31 March 2021 and as at 31 March 2022..... **\$229.4m**

In addition, there will be an estimated nine directorate posts as at 31 March 2021 and as at 31 March 2022.

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

	2019–20 (Actual)	2020–21 (Original)	2020–21 (Revised)	2021–22 (Estimate)
Financial provision (\$m)	682.9	753.0	663.2 (–11.9%)	701.9 (+5.8%)
				(or –6.8% on 2020–21 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 to implement the “single site, multiple use” initiative and take forward the relevant projects.

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4 The key performance measures are:

Targets

	Target	2019 (Actual)	2020 (Actual)	2021 (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	94.6	93.4	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	94.3	83.5	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

	2019 (Actual)	2020 (Actual)	2021 (Estimate)
total area of office space (m ²)Λ.....	1 110 501	1 135 068	1 187 000
office space owned by Government (%).....	67.6	66.2	62.8
office space leased by Government (%).....	32.4	33.8	37.2
new allocation of owned office space to government bureaux/departments (m ²).....	66 504	19 695	4 300
net change in leased office accommodation (m ²).....	18 663#	23 073#	58 700#
renewals of leased office accommodation (m ²).....	68 091	90 452	84 000
non-departmental quarters (NDQs).....	449	393	350
NDQs owned by Government (%).....	100	100	100
departmental quarters (DQs).....	23 576	23 560	25 300
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 2021–22

5 During 2021–22, 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;
- continue to collaborate with relevant bureaux and departments to implement the “single site, multiple use” initiative and take forward the first batch of projects; and
- assist Social Welfare Department in identifying potential premises for purchase as premises for the provision of welfare facilities.

Programme (2): Property Management

	2019–20 (Actual)	2020–21 (Original)	2020–21 (Revised)	2021–22 (Estimate)
Financial provision (\$m)	1,249.3	1,826.6	1,675.0 (–8.3%)	1,909.3 (+14.0%)
				(or +4.5% on 2020–21 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	2019 (Actual)	2020 (Actual)	2021 (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	97	95

Indicators

	2019 (Actual)	2020 (Actual)	2021 (Estimate)
management of government properties			
GIC non-domestic properties in private developments under the custody of the Agency	231	235	244
residential flats managed by the Agency	22 625	22 653	24 477
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.	58	58
other accommodation managed by the Agency			
sites	15	14	12
area (m ²)	184 839	181 010	179 132
average management fee for non-domestic accommodation in private developments (\$/m ² /month)§	53.6	51.4	57.0
average management cost of major joint-user buildings (\$/m ² /month)Ω	18.2	20.3	21.0
average management fee for quarters in private developments (\$/m ² /month)§	24.1	23.9	27.5
average management cost of wholly-owned government quarters (\$/m ² /month)Ω	14.6	15.9	15.9
average management cost of buildings/facilities at boundary control points managed by the Agency (\$/m ² /month)Ω	N.A.	59.4	75.2

§ 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, 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.

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Matters Requiring Special Attention in 2021–22

9 During 2021–22, 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

	2019–20 (Actual)	2020–21 (Original)	2020–21 (Revised)	2021–22 (Estimate)
Financial provision (\$m)	55.1	71.8	63.6 (–11.4%)	73.3 (+15.3%)
				(or +2.1% on 2020–21 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.

12 The key performance measures are:

Targets

	Target	2019 (Actual)	2020 (Actual)	2021 (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	90.4	82.6	90.0

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

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Indicators

<i>Indicators</i>	2019 (Actual)	2020 (Actual)	2021 (Estimate)
sites for review ϕ	85	85	85
sites ready to be released for disposal, redevelopment or other purposes.....	2	1	2
non-domestic premises			
lettings.....	1 129	1 171	1 241
rental income (\$m).....	352.6	203.6 \diamond	272.9
domestic premises			
lettings.....	208	226	255
rental income (\$m).....	113.4	124.1	130.5
ratio of rental income in respect of domestic and non-domestic premises to related staff cost \ddagger	10	7 \diamond	8
government premises identified as having new commercialisation opportunities.....	55	19	4

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.

\diamond Rental income was reduced mainly due to government rental concessions.

\ddagger 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 2021–22

13 During 2021–22, 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

	2019–20 (Actual) (\$m)	2020–21 (Original) (\$m)	2020–21 (Revised) (\$m)	2021–22 (Estimate) (\$m)
Programme				
(1) Acquisition and Allocation	682.9	753.0	663.2	701.9
(2) Property Management.....	1,249.3	1,826.6	1,675.0	1,909.3
(3) Estate Utilisation.....	55.1	71.8	63.6	73.3
	1,987.3	2,651.4	2,401.8 (-9.4%)	2,684.5 (+11.8%)
				(or +1.2% on 2020–21 Original)

Analysis of Financial and Staffing Provision

Programme (1)

Provision for 2021–22 is \$38.7 million (5.8%) higher than the revised estimate for 2020–21. This is mainly due to the anticipated increase in the rent and management charges for rented accommodation, full-year effect of vacancies filled in 2020–21 and increased provision for filling of vacancies in 2021–22.

Programme (2)

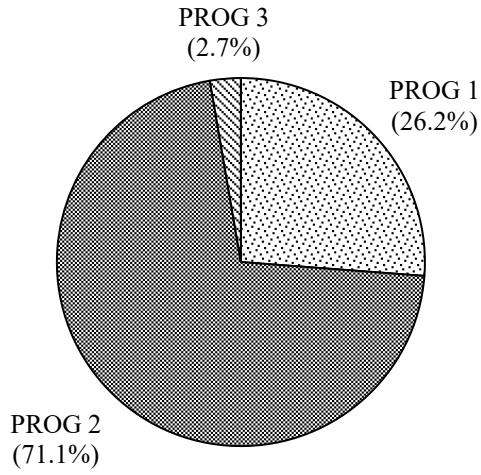
Provision for 2021–22 is \$234.3 million (14.0%) higher than the revised estimate for 2020–21. This is mainly due to anticipated increases in light and power, requirement for and costs of workshop services, requirement for property management and maintenance services and requirement for scheduled replacement of minor plant and equipment.

Programme (3)

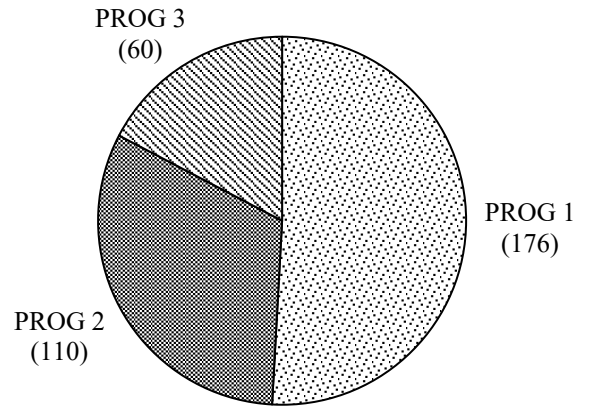
Provision for 2021–22 is \$9.7 million (15.3%) higher than the revised estimate for 2020–21. This is mainly due to the full-year effect of vacancies filled in 2020–21 and increased provision for filling of vacancies in 2021–22.

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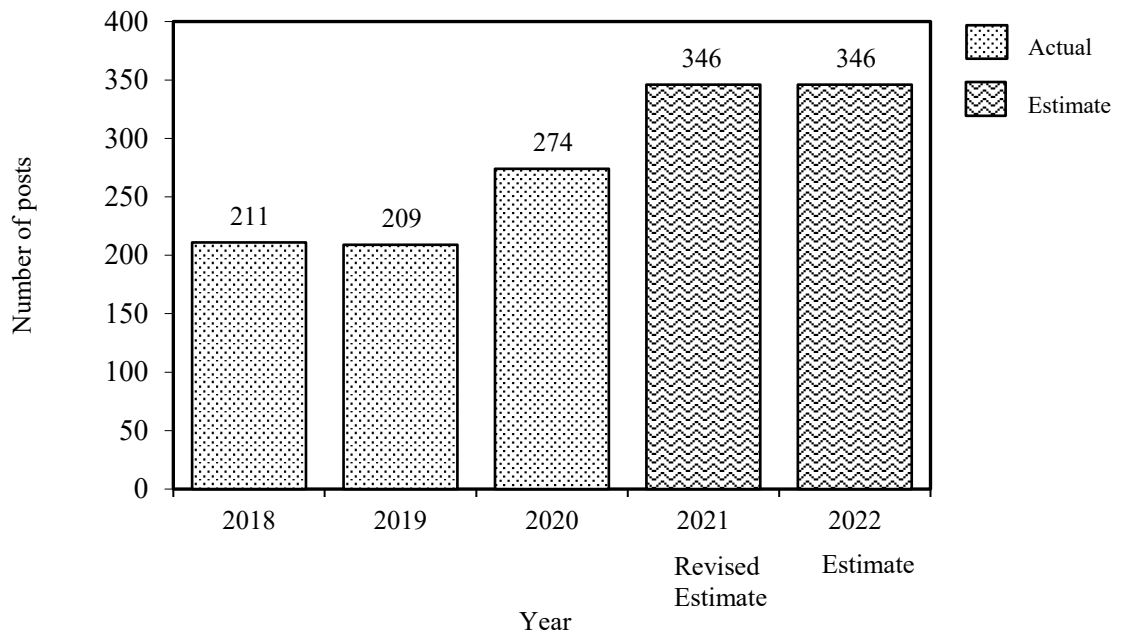
Allocation of provision to programmes (2021-22)



Staff by programme (as at 31 March 2022)



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



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Sub-head (Code)	Actual expenditure 2019–20	Approved estimate 2020–21	Revised estimate 2020–21	Estimate 2021–22	
	\$'000	\$'000	\$'000	\$'000	
Operating Account					
Recurrent					
000	Operational expenses	1,942,700	2,596,007	2,346,392	2,593,589
	Total, Recurrent	<u>1,942,700</u>	<u>2,596,007</u>	<u>2,346,392</u>	<u>2,593,589</u>
	Total, Operating Account	1,942,700	2,596,007	2,346,392	2,593,589
Capital Account					
Plant, Equipment and Works					
661	Minor plant, vehicles and equipment (block vote)	44,588	55,405	55,405	90,936
	Total, Plant, Equipment and Works	<u>44,588</u>	<u>55,405</u>	<u>55,405</u>	<u>90,936</u>
	Total, Capital Account	44,588	55,405	55,405	90,936
	 Total Expenditure	 <u>1,987,288</u>	 <u>2,651,412</u>	 <u>2,401,797</u>	 <u>2,684,525</u>

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Details of Expenditure by Subhead

The estimate of the amount required in 2021–22 for the salaries and expenses of the Government Property Agency is \$2,684,525,000. This represents an increase of \$282,728,000 over the revised estimate for 2020–21 and \$697,237,000 over the actual expenditure in 2019–20.

Operating Account

Recurrent

2 Provision of \$2,593,589,000 under *Subhead 000 Operational expenses* is for the salaries, allowances and other operating expenses of the Government Property Agency. The increase of \$247,197,000 (10.5%) over the revised estimate for 2020–21 is mainly due to increased requirement for departmental expenses, full-year effect of vacancies filled in 2020–21 and increased provision for filling of vacancies in 2021–22.

3 The establishment as at 31 March 2021 will be 346 posts including one supernumerary post. No change in establishment is expected in 2021–22. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2021–22, but the notional annual mid-point salary value of all such posts must not exceed \$229,402,000.

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

	2019–20 (Actual) (\$'000)	2020–21 (Original) (\$'000)	2020–21 (Revised) (\$'000)	2021–22 (Estimate) (\$'000)
Personal Emoluments				
- Salaries	164,244	244,400	213,886	241,753
- Allowances	3,661	6,288	4,041	5,597
- Job-related allowances.....	—	10	2	10
Personnel Related Expenses				
- Leasing and management of quarters.....	336,137	357,291	333,416	351,309
- Mandatory Provident Fund contribution	693	857	1,050	1,097
- Civil Service Provident Fund contribution	7,618	11,462	9,536	10,893
Departmental Expenses				
- Light and power.....	247,248	378,490	284,929	348,272
- Hire of services and professional fees.....	181,477	340,704	364,066	401,767
- Specialist supplies and equipment.....	8,368	22,596	21,596	24,943
- Workshop services	280,736	465,192	425,770	484,453
- General departmental expenses	26,968	41,188	50,405	50,244
Other Charges				
- Rents and management charges for properties (other than quarters)	685,550	727,529	637,695	673,251
	1,942,700	2,596,007	2,346,392	2,593,589

Capital Account

Plant, Equipment and Works

5 Provision of \$90,936,000 under *Subhead 661 Minor plant, vehicles and equipment (block vote)* represents an increase of \$35,531,000 (64.1%) over the revised estimate for 2020–21. This is mainly due to the increased requirement for scheduled replacement of minor plant and equipment in 2021–22.