

Government Property Agency Work in 2012

The work of the Government Property Agency (Agency) mainly covers three programme areas, namely, acquisition and allocation, property management and estate utilisation.

I. ACQUISITION AND ALLOCATION

2. This programme aims to meet Government's accommodation needs, mainly for offices and quarters, in an economical and cost-effective manner.

Demand and supply of office accommodation

3. In 2012, the Agency assisted 23 bureaux and departments in meeting their needs for offices and allocated a total floor area of about 6 900m² to them. New leasing and renewal of leased office accommodation amounted to about 14 700m² and 53 700m² respectively. As at 31 December 2012, the total area of office space under the purview of the Agency was about 980 800m². During the year, the Agency maintained the occupancy rate of office accommodation at 99.9%.

4. In 2012, the Agency continued to pursue deleasing opportunities where possible and, through an annual accommodation review mechanism, encouraged bureaux and departments to review regularly and critically their office accommodation requirements in the short and medium terms. The Agency saved \$62 million in rental for deleasing cases in 2012. Compared with 2011, however, there was a net increase of around 2 800m² in leased office accommodation due to the demand for additional office space.

5. The Legislative Council approved \$2.6 billion for the construction of the Trade and Industry Tower at the Kai Tak Development Area (KTDA) in January 2012. Construction works are in progress. Upon completion by the end of 2014, government offices in the Trade and Industry Department Tower in Mong Kok will be reprovisioned to the KTDA and the space vacated will be released for

commercial use. Also in the pipeline are the development of a new government office building in West Kowloon and the phased relocation of the departments in the three government office buildings at the Wan Chai waterfront.

Properties outside Hong Kong

6. In 2012, the Agency managed 12 owned overseas properties (five in North America, three in Europe, three in Asia and one in Australia) and eight leased properties (one each in London, Berlin, Brussels, Toronto, Guangzhou, Shanghai, Chengdu and Fuzhou) for the Economic and Trade Offices.

Quarters

7. There are three types of quarters, namely non-departmental quarters, departmental quarters and post-tied quarters. For better control of utilisation and portfolio management, the Agency further classified in 2003 departmental quarters into disciplined services quarters, judiciary quarters, operational quarters and general quarters so as to replace the former categorisation of operational quarters and general quarters.

8. In 2012, the Agency continued to review regularly the use of operational quarters and post-tied quarters to ensure their proper and effective utilisation. The Agency has put quarters which are no longer required for their originally approved purposes to alternative beneficial uses such as reclassifying them as general quarters or declassifying them to become surplus accommodation for disposal.

9. During the year, the Agency deleased seven disciplined services quarters. At the end of 2012, there were around 22 740 departmental quarters.

New Quarters Project

10. Two quarters projects were completed in 2012. The Prosperity Villa in Kwai Chung provides 144 units for the rank and file of the Immigration Department while the Tsing Chau Street Customs Staff Quarters in Hung Hom provides 80 units for inspectorate officers of the Customs and Excise Department.

11. The Agency embarked on another quarters project in late 2012 which will provide 140 units at Fu Tei, Tuen Mun, for the rank and file of four disciplined services departments, namely the Customs and Excise Department, the Correctional Services Department, the Fire Services Department and the Immigration Department.

Vetting of accommodation requirements

12. One of the Agency's functions in connection with acquisition and allocation of government accommodation is setting space standards and vetting space provision proposals for general use office. The Agency is a member of the Property Vetting Committee (PVC) which examines and sets government accommodation and building design standards. The PVC also examines the schedules of accommodation proposed by departments for specialist / departmental buildings and ensures that optimum utilisation of the site is duly considered.

13. In 2012, the Agency completed the processing of 378 applications for accommodation from 55 bureaux and departments covering a total area of about 278 000m².

Minor building works projects

14. The Government Property Administrator and the Deputy Government Property Administrator are members of the Accommodation Strategy Group (ASG) and the Minor Building Works Committee (MBWC) respectively. The ASG and MBWC vet, examine and approve funding applications from bureaux and departments for minor building works projects under block vote 3101GX. In 2012, the Agency received 162 proposals for minor building works projects under the block vote, and supported 159 of them for implementation.

II. PROPERTY MANAGEMENT

15. This programme area aims to manage efficiently and cost-effectively government properties under the control of the Agency; improve and modernise them to meet changing needs; and ensure that Government's rights and

responsibilities as owner of Government, Institution and Community (GIC) accommodation in private developments are incorporated in appropriate legal documents.

16. The Agency managed 47 joint-user office buildings covering about 651 600m², some 22 470 quarters totalling about 1 570 000m² and 218 non-residential Financial Secretary Incorporated (FSI) owned properties.

Property management services contracts

17. The Agency first outsourced property management work to private Property Management Agents (PMA) in 2001. The outsourcing work covers all its residential and non-residential properties through four outcome-based PMA contracts, two of them covering Hong Kong Island and one each covering Kowloon and the New Territories. The four PMA contracts were re-tendered and awarded to take effect from 1 April 2011.

18. The PMA contracts operated efficiently in 2012. The average performance level of the PMAs was 97% against the target of 95%. The Agency will continue to monitor the performance of the PMAs with a view to enhancing their efficiency and effectiveness.

Management of FSI properties

19. As the representative of FSI, the Agency manages FSI owned properties in private developments with a view to fulfilling the owner's role and obligations in respect of these properties such as paying management charges as well as vetting management budgets and renovation/repair estimates. The Agency also handles complaints against building defects or nuisances caused by government occupants. The Agency represents FSI in management meetings of Owners' Committees and Owners' Corporations of these properties.

Commenting on Deeds of Mutual Covenants (DMCs) and Assignments in respect of Government Accommodation in private developments

20. The Agency executes DMCs and Assignments in respect of FSI owned properties under the delegated powers from FSI. To ensure that Government's intentions, interests, rights and obligations as owner of Government Accommodation (GA) in private developments are properly reflected in the DMCs and Assignments of these properties, the Agency vets draft DMCs on behalf of FSI, liaises and negotiates with other government departments and/or developers as required. It represents the Government as the owner of the GA with a long term financial interest in the management, maintenance and recurring charges relating to the Government's share in the development. In 2012, the Agency vetted four DMCs and three Assignments.

III. ESTATE UTILISATION

21. This programme aims to optimise the utilisation of government sites and surplus properties with potential for alternative government uses or commercialisation. Estate utilisation work mainly includes –

- (a) advising government bureaux and departments on ways to optimise site utilisation at the site reservation stage; providing inputs to planning proposals and studies, government land allocations and short term tenancies;
- (b) reviewing under-utilised sites managed by government bureaux and departments and, if conditions permit, assisting the bureaux and departments in releasing the sites for alternative use or disposal as may be appropriate; and
- (c) 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.

22. In 2012, five under-utilised sites with a total area of about two hectares were released or ready to be released for alternative use or disposal. The Agency endorsed 28 site utilisation proposals during the year.

Commercialisation

23. The Agency's work in this programme covers commercialisation of suitable space (including surplus accommodation) in government buildings. Such commercialisation activities include tendering of commercial opportunities; direct negotiation of lettings for commercial uses; cost-effective use of surplus buildings; leasing of government accommodation to non-governmental organisations; and management of these tenancies. In 2012, there were 800 lettings for commercial uses generating a revenue of about \$495 million.

Leasing out surplus government quarters

24. Another major initiative to optimise the use of properties is to lease out surplus government quarters. The Agency has appointed property leasing agents to provide services in the marketing of properties, arranging prospective tenants to view the properties, obtaining information of prospective tenants and making offers on their behalf.

25. In 2012, the Agency leased out 294 surplus quarters to the private sector generating an income of about \$173 million.

Sale of surplus government quarters

26. The Government's established policy is to dispose of surplus quarters as circumstances permit. In 2012, the Agency sold 31 surplus government quarters by public auction, generating proceeds of about \$586 million.