

Government Property Agency Work in 2015

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

Offices

3. In 2015, the Agency assisted 30 bureaux and departments in meeting their needs for offices and allocated a total floor area of about 49 000 m² to them. New leasing and renewal of leased office accommodation amounted to about 14 900 m² and 57 000 m² respectively. As at 31 December 2015, the total area of office space under the purview of the Agency was about 1 037 000 m². During the year, the Agency maintained the occupancy rate of office accommodation at 99.9%.

4. In 2015, the Agency continued to pursue deleasing opportunities where practicable 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 about \$100 million in rental for deleasing cases in 2015. Compared with 2014, there was a net decrease of around 6 700 m² in leased office accommodation which was mainly due to reprovisioning of some offices from leased premises to the newly completed Trade and Industry (TI) Tower at the Kai Tak Development Area.

5. Following completion of the construction of the TI Tower in April 2015, user departments originally accommodated in the Trade and Industry Department (TID) Tower in Mong Kok and certain leased premises in Kowloon have been relocated to the TI Tower. The Agency then arranged to dispose of government property at the TID Tower immediately thereafter.

6. To take forward the relocation of the three government offices at the Wan Chai waterfront, the Government commenced the construction works of the West Kowloon Government Offices (WKGO) in July 2015 for completion

in 2019. Part of the WKGO will be used for reprovisioning some departments in the three government office buildings at the Wan Chai waterfront. We have also engaged consultants for the pre-construction works for two other replacement projects, namely the Government Data Centre Complex and Treasury Building in Cheung Sha Wan. Meanwhile, we are actively planning for a few new government office projects in other areas including Chai Wan, Cheung Sha Wan, the Kai Tak Development Area and Tseung Kwan O for this major relocation exercise. According to our current plan, and subject to resource availability and progress of the preparation for the various reprovisioning projects, we will seek funding approval of the Legislative Council to take forward the projects in succession in the next few years, for completion successively after 2019.

7. With regard to the agreement on exchanging an industrial property held by the Financial Secretary Incorporated (FSI) of around 17 400 m² (Gross Floor Area) at Cornwall House in Taikoo Place with 19 000 m² (Gross Floor Area) fully fitted Grade A office premises at Cityplaza Three in Quarry Bay, the fitting-out works of the office premises at Cityplaza Three was in progress for occupation by the departments concerned in phases.

Government accommodation outside Hong Kong

8. In 2015, the Agency managed 12 owned properties (five in North America, three in Europe, three in Asia and one in Australia) and 11 leased properties (one each in London, Berlin, Brussels, Toronto, Guangzhou, Shanghai, Chongqing, Fuzhou, Wuhan, and two in Chengdu) outside Hong Kong for various Economic and Trade Offices and Liaison Units.

Government quarters

9. There are three broad types of quarters, namely non-departmental quarters, departmental quarters (which comprise disciplined services quarters, judiciary quarters, operational quarters and general quarters) and post-tied quarters. At the end of 2015, there were 626 non-departmental quarters, 22 725 departmental quarters and 169 post-tied quarters.

10. In 2015, 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 assisted departments in putting quarters which are no longer required for their originally approved purposes to alternative gainful uses, where appropriate, for instance, classroom, multi-function room, or conversion into other departmental uses after declassification.

New government quarters projects

11. The quarters project at Fu Tei, Tuen Mun, which provides 140 units for the rank and file officers of five disciplined services departments, namely, the Customs and Excise Department, the Correctional Services Department, the Fire Services Department, the Government Flying Service and the Immigration Department, was completed in July 2015. The Government will also expedite eight other departmental quarters projects for disciplined services, aiming at providing more than 2 200 flats by 2020.

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 office use. 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 the sites involved are optimally utilised.

13. In 2015, the Agency completed the vetting of 380 applications for accommodation from 56 bureaux and departments covering a total area of about 641 000 m².

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 2015, the Agency supported 42 applications.

II. PROPERTY MANAGEMENT

15. This programme area aims to manage efficiently and cost-effectively government properties covered under the Agency's property management services contracts; improve and modernise them to meet changing needs; and ensure that Government's interests, rights and responsibilities as owner of Government, Institution and Community (GIC) accommodation in private developments are incorporated into appropriate legal documents.

16. The Agency managed 47 joint-user office buildings covering about 680 000 m², some 22 230 quarters totalling about 1 550 000 m² and 223 non-residential FSI owned properties.

Property management service contracts

17. The Agency continues to outsource property management service (PMS) for all owned properties in the territory under its direct management through outcome-based PMS contracts (PMSCs) to private service contractors. Currently there are six PMSCs, one each in respect of six areas on Hong Kong Island, in Kowloon and the New Territories, all commencing on 1 April 2015.

18. The PMSCs operated efficiently in 2015, all achieving the target performance level of 95%. The Agency will continue to monitor the performance of the relevant contractors with a view to enhancing their efficiency and effectiveness.

Management of government-owned accommodation in private developments

19. As the representative of the Financial Secretary Incorporated (FSI), the Agency manages government accommodation, which are owned in the name of FSI (FSI properties), in private developments with a view to fulfilling the owner's role and obligations in respect of the FSI properties, including paying management charges; vetting management budgets and renovation/repair estimates; attending management meetings of Owners' Committees and Owners' Corporations, if any, concerning the FSI properties. The Agency also handles complaints against building defects or nuisances relating to occupation of FSI properties.

20. In addition, the Agency executes Deeds of Mutual Covenants (DMCs) and assignments in respect of the FSI properties under the delegated powers from FSI. To ensure that Government's intentions, interests, rights and obligations as owner of the FSI properties are properly reflected in the relevant DMCs and assignments, the Agency vets draft DMCs and liaises and discusses with relevant government departments and/or developers as required. The Agency represents the FSI as the owner of the FSI properties with a long term legal interest as a co-owner in the developments concerned. In 2015, the Agency vetted ten DMCs and ten Assignments.

III. ESTATE UTILISATION

21. This programme area aims to optimise the utilisation of government

sites and surplus government properties with potential for alternative government uses or commercialisation. Estate utilisation work mainly includes –

- (a) advising government bureaux and departments on possible ways to optimise site utilisation at different stages of project developments; 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;
- (b) reviewing under-utilised sites managed by government bureaux and departments and, if conditions permit, assisting the bureaux and departments in better utilising the sites by exploring possible ways, for instance, redevelopment or releasing the sites for alternative use or disposal as appropriate;
- (c) assisting government bureaux and departments in putting surplus government properties to alternative uses or disposal as appropriate; and
- (d) exploring the possibility of introducing commercial activities within government properties where appropriate.

22. In 2015, the Agency released the site at Ex-Gordon Hard Camp, Castle Peak Road, Castle Peak Bay, Tuen Mun, with a site area of 8,190 m² for land sale. The Agency examined and endorsed the proposed rate of site utilisation of 27 public building works projects during the year.

Commercialisation

23. The Agency's work in this regard covers commercialisation of suitable government-owned accommodation. Such commercialisation activities include tendering of commercial opportunities; direct negotiation of lettings for commercial uses; leasing of surplus government accommodation to non-governmental organisations; and management of these tenancies. In 2015, there were 874 lettings for commercial uses generating a revenue of about \$614 million. Examples of major leasing cases in 2015 are the four retail outlets within the Macau Ferry Terminal and China Ferry Terminal; retail space at the Queensway Plaza; advertising space at Hung Hing Road; fee-paying public car park at the Cheung Sha Wan Government Offices; and the newly identified advertising space at Connaught Road Central.

Leasing out surplus government quarters

24. Another major initiative to optimise the use of government accommodation is to lease out surplus government quarters. The Agency has appointed private property leasing agents to provide the leasing services required, which cover marketing, arranging property inspections for prospective tenants, obtaining information of prospective tenants and making offers on their behalf.

25. In 2015, the Agency leased out 269 surplus quarters to the private tenants generating revenue of about \$161.6 million.

Sale of surplus government properties

26. The Government's established policy is to dispose of surplus government properties as circumstances permit. In 2015, the Agency sold 60 surplus government quarters and associated car parking spaces by public auctions and tender, generating a revenue of about \$1 359.3 million.

Government Property Agency
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