

## **Government Property Agency Work in 2016**

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 2016, the Agency assisted 9 bureaux and departments in meeting their needs for offices and allocated a total floor area of about 18 000 m<sup>2</sup> to them. New leasing and renewal of leased office accommodation amounted to about 15 800 m<sup>2</sup> and 97 600 m<sup>2</sup> respectively. As at 31 December 2016, the total area of office space under the purview of the Agency was about 1 023 000 m<sup>2</sup>. During the year, the Agency maintained the occupancy rate of office accommodation at 99.9%.

4. In 2016, 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 \$91 million in rental for deleasing cases in 2016. Due to new demand for office space, there was a net increase of around 1 500 m<sup>2</sup> in leased office accommodation as compared with 2015.

5. Following relocation of office accommodation to the Trade and Industry Tower at the Kai Tak Development Area, the Agency sold the government property at the Trade and Industry Department Tower in Mong Kok by open tender in 2016 and generated \$5,910 million revenue for the Government.

6. In 2016, the Agency continues to take forward the relocation of the three government offices at the Wan Chai waterfront. Major progress includes the commencement of construction works of the West Kowloon Government Offices, part of which will be used for reprovisioning some departments in the

three government office buildings at the Wan Chai waterfront; engagement of consultants for the pre-construction works for the Government Data Centre Complex and Treasury Building in Cheung Sha Wan; obtaining the respective district councils' support for the new Inland Revenue Tower at Kai Tak Development Area as well as the new Immigration Headquarters and the joint-user office building in Tseung Kwan O. Meanwhile, we are actively planning for a few new government office projects in other areas including Chai Wan and Cheung Sha Wan for this major relocation exercise. According to the current plan and the progress of the various reprovisioning projects, the departments concerned will seek funding approval of the Legislative Council to take forward the projects in succession in the next few years.

7. With regard to the agreement on exchanging an industrial property held by the Financial Secretary Incorporated (FSI) of around 17 400 m<sup>2</sup> (Gross Floor Area) at Cornwall House in Taikoo Place with 19 000 m<sup>2</sup> (Gross Floor Area) fully fitted Grade A office premises at Cityplaza Three in Quarry Bay, three bureaux and departments had moved in to the new offices at Cityplaza Three in 2016.

### **Government accommodation outside Hong Kong**

8. In 2016, the Agency managed 12 owned properties (five in North America, three in Asia, three in Europe, and one in Australia) and 12 leased properties (one each in Berlin, Brussels, London, Chongqing, Fuzhou, Guangzhou, Liaoning, Wuhan and two each in Chengdu and Shanghai) 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 2016, there were 594 non-departmental quarters, 22 714 departmental quarters and 168 post-tied quarters.

10. In 2016, 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.

### **New government quarters projects**

11. The Government will expedite eight 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 2016, the Agency completed the vetting of 593 applications for accommodation from 60 bureaux and departments covering a total area of about 1 100 000 m<sup>2</sup>.

### **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 2016, the Agency supported 47 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 46 joint-user office buildings covering about 662 000 m<sup>2</sup>, some 22 300 quarters totalling about 1 540 000 m<sup>2</sup> and 224 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 2016, 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 2016, the Agency vetted 14 DMCs and four 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 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;
- (b) reviewing under-utilised sites managed by government bureaux and departments and, if conditions permit, assisting the bureaux and departments in releasing them for alternative use or disposal as appropriate;
- (c) assisting government bureaux and departments in putting surplus departmental properties to alternative uses or disposal as appropriate; and
- (d) exploring the possibility of introducing commercial activities within government properties where appropriate.

22. In 2016, the Agency reviewed a total of 85 government sites covering an area of about 402 000 m<sup>2</sup>. Besides, the Agency released part of ex-Perowne Barracks at Tuen Mun (site area of 15 400 m<sup>2</sup>) and part of Ex-Victoria Road Detention Centre at Pokfulam (site area of 6 430 m<sup>2</sup>) for land sale and educational use respectively. The Agency completed assessment on site utilisation for 18 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 2016, there were 905 lettings for commercial uses generating a revenue of about \$568.5 million. Examples of major leasing cases of the year include four retail outlets within the Macau Ferry Terminal and China Ferry Terminal; retail space at the Queensway Plaza; advertising space at Hung Hing Road; Peak Restaurant and fee-paying public car park at the Cheung Sha Wan Government Offices. Furthermore, the Agency had identified eight new commercial opportunities in the year.

## **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 2016, the Agency leased out 261 surplus quarters to the private tenants generating a revenue of about \$163.3 million.

## **Sale of surplus government properties**

26. The Government's established policy is to dispose of surplus government properties as circumstances permit. In 2016, the Agency sold three surplus government quarters and associated car parking spaces by open tender, generating a revenue of about \$99.61 million.

Government Property Agency  
June 2017