

Government Property Agency Work in 2017

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 2017, the Agency assisted 15 bureaux and departments in meeting their needs for offices and allocated a total floor area of about 4 700 m² to them. New leasing and renewal of leased office accommodation amounted to about 25 600 m² and 65 000 m² respectively. As at 31 December 2017, the total area of office space under the purview of the Agency was about 1 016 000 m². During the year, the Agency maintained the occupancy rate of office accommodation at 100%.

4. 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 \$73 million in rental for deleasing cases in 2017. Due to new demand for office space of bureaux and departments arising from various needs, there was a net increase of around 8 100 m² in leased office accommodation as compared with 2016.

5. In 2017, the Agency continued to actively take forward the relocation of the government offices at the Wan Chai Government Offices Compound (WCGOC). Nine replacement building projects will be implemented to re-provision the bureaux and departments in the WCGOC, as well as other leased office accommodation so that they can be deleased to reduce rental expenditure. The first re-provisioning project, the West Kowloon Government Offices, was targeted for completion in early 2019. Major progress of the other projects in 2017 included obtaining the support of the Financial Affairs Panel of the Legislative Council on the proposed construction of the Inland

Revenue Tower in Kai Tak; inviting consultants for the construction of the Government Data Centre Complex and the Treasury Building in Cheung Sha Wan; completing the assessment of pre-qualification tender for the construction of the Immigration Headquarters in Tseung Kwan O; and securing the respective district councils' support for the Water Supplies Department Headquarters with Hong Kong and Islands Regional Office and Correctional Services Department Headquarters in Chai Wan as well as the Drainage Services Department Building in Cheung Sha Wan. Meanwhile, we are actively planning for the remaining two government office projects in Tseung Kwan O and Causeway Bay. It is the Government's target to complete all the replacement building projects under the WCGOC relocation exercise by 2026.

6. 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, all the four departments allocated with the new offices at Cityplaza Three had completed their move-in exercises in 2017.

Government accommodation outside Hong Kong

7. In 2017, the Agency managed 12 owned properties (five in North America, three in Asia, three in Europe, and one in Australia) and 17 leased properties (one each in Berlin, Brussels, London, Jakarta, Chongqing, Fuzhou, Guangzhou, Shenzhen, Liaoning, Shandong, Hunan and two each in Chengdu, Wuhan and Shanghai) outside Hong Kong for various Economic and Trade Offices and Liaison Units.

Government quarters

8. 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 2017, there were 556 non-departmental quarters, 22 635 departmental quarters and 169 post-tied quarters.

9. In 2017, 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

10. The Government has been expediting eight departmental quarters projects for disciplined services. Funding approval of the Legislative Council has been obtained to take forward five of these projects.

Vetting of accommodation requirements

11. 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 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.

12. In 2017, the Agency completed the vetting of 703 applications for accommodation from 63 bureaux and departments covering a total area of about 478 000 m².

Minor building works projects

13. 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 2017, the Agency supported 58 applications.

II. PROPERTY MANAGEMENT

14. This programme area aims to manage government properties under the control of the Agency in an efficient and cost-effective manner; 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 the appropriate legal documents.

15. The Agency managed 45 joint-user office buildings covering about 646 000 m², some 22 100 quarters totalling about 1 520 000 m² and 226 non-residential FSI owned properties in 2017.

Property management service contracts

16. During the year, the Agency continued to outsource property management service (PMS) for all owned properties in the territory under its direct management through six outcome-based PMS contracts (PMSCs) awarded to private service contractors, one each in respect of six areas on Hong Kong Island, in Kowloon and the New Territories.

17. The PMSCs operated efficiently in 2017, all achieving the target performance level of 95%. The Agency will continue to monitor the performance of the service contractors with a view to enhancing their efficiency and effectiveness.

Management of government-owned accommodation in private developments

18. As the representative of the 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.

19. 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 2017, the Agency vetted 13 DMCs and four Assignments.

III. ESTATE UTILISATION

20. 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 bureaux and departments on ways to optimise site utilisation at the site reservation stage;
- (b) advising on the utilisation of sites to be developed by bureaux and departments and, where appropriate, assisting them in identifying joint users with a view to optimising the utilisation of government sites;
- (c) reviewing under-utilised sites managed by bureaux and departments and, if conditions permit, assisting them in releasing the sites for alternative uses or disposal as appropriate;
- (d) assisting bureaux and departments in putting surplus departmental properties to alternative uses or disposal as appropriate;
- (e) identifying government properties held by the Agency under its portfolio with commercialisation potential with a view to realising such potential; and
- (f) exploring the possibility of introducing commercial activities within government properties where appropriate.

21. In 2017, the Agency reviewed a total of 85 government sites covering an area of about 423 000 m². Besides, the Agency released Murray Road Multi-storey Carpark Building (site area of 2 880 m²) and Prince of Wales Hospital Staff Quarters Block E (site area of 2 150 m²) for land disposal and hospital development respectively. Furthermore, the Agency completed assessment on site utilisation for 38 capital works projects during the year.

Commercialisation

22. 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 2017, there were 986 lettings for commercial uses generating a revenue of about \$507.7 million. Examples of major leasing cases of the year include advertising signs on roof top of Immigration Tower and Revenue Tower; advertising space at Hung Hing Road; and fee-paying public car park at the Cheung Sha Wan Government Offices. The Agency had also identified 12 new commercial opportunities in the year.

Leasing out surplus government quarters

23. Another key 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.

24. In 2017, the Agency leased out 251 surplus quarters to the private tenants generating a revenue of about \$155.8 million.

Sale of surplus government properties

25. The Government's established policy is to dispose of surplus government properties as circumstances permit. In 2017, the Agency sold four surplus government quarters and associated car parking spaces by open tender, generating a revenue of about \$136.75 million.

Government Property Agency
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