

## **Government Property Agency Work in 2018**

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 2018, the Agency assisted 9 bureaux and departments in meeting their needs for offices and allocated a total floor area of about 4 000 m<sup>2</sup> to them. New leasing and renewal of leased office accommodation amounted to about 31 600 m<sup>2</sup> and 69 200 m<sup>2</sup> respectively. As at 31 December 2018, the total area of office space under the purview of the Agency was about 1 041 300 m<sup>2</sup>. 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 \$34 million in rental for deleasing cases in 2018. Due to new demand for office space of bureaux and departments arising from various needs, there was a net increase of around 25 500 m<sup>2</sup> in leased office accommodation as compared with 2017.

5. In 2018, 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 is the West Kowloon Government Offices, of which the North Tower and South Tower were completed and will be completed in December 2018 and March 2019 respectively. Major progress of the other projects in 2018 included obtaining

the funding approval from the Legislative Council (LegCo) and commencing construction works of the Inland Revenue Tower in Kai Tak, the Government Information Technology Building and the Treasury Building in Cheung Sha Wan; obtaining support of the Public Works Subcommittee of the LegCo on the construction of the Immigration Headquarters in Tseung Kwan O; inviting the design and build tender of the Drainage Services Department Building in Cheung Sha Wan; and completing the assessment of pre-qualification tender for Tseung Kwan O joint-user building. Meanwhile, we are actively planning for the remaining two government office projects in Chai Wan and Causeway Bay. It is the Government's target to complete all the replacement building projects under the WCGOC relocation exercise by 2026.

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

6. In 2018, the Agency managed 11 owned properties (five in North America, three in Asia, two in Europe, and one in Australia) and 23 leased properties (one each in Berlin, Brussels, London, Jakarta, Chongqing, Shaanxi, Fuzhou, Shenzhen, Guangxi, Liaoning, Tianjin, Shandong, Zhejiang, Hunan, Henan and two each in Guangzhou, Chengdu, Wuhan and Shanghai) outside Hong Kong for various Economic and Trade Offices and Liaison Units.

### **Government quarters**

7. 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 2018, there were 504 non-departmental quarters, 22 892 departmental quarters and 168 post-tied quarters.

8. In 2018, the Agency continued to review regularly the use of operational quarters and post-tied quarters to ensure their proper and effective utilisation by departments. 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**

9. Funding approval has been obtained from LegCo to take forward eight departmental quarters projects for disciplined services. Among them, Blissful Villa on Heng Lam Street, Lok Fu and Yau Yue Wan Customs Staff Quarters on Yau Yue Wan Village Road, Tseung Kwan O were completed in 2018 to provide a total of 248 units for the rank and file officers of the Immigration Department and Customs and Excise Department.

## **Vetting of accommodation requirements**

10. 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.

11. In 2018, the Agency completed the vetting of 941 applications for accommodation from 71 bureaux and departments covering a total area of about 569 000 m<sup>2</sup>.

## **Minor building works projects**

12. 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 2018, the Agency supported 47 applications.

## **“Single Site, Multiple Use” initiative**

13. The Agency will steer and take forward multi-storey development projects with cross-bureau facilities to strengthen internal co-ordination in areas such as design, development programme and funding arrangements, etc. with a view to expediting the delivery of these facilities.

14. The Agency was working with relevant bureaux/departments on the specific implementation arrangements of the pilot projects, including redevelopment of Tuen Mun Clinic, development of a proposed ambulance depot near Sheung Wan Fire Station and several government sites in Tsuen Wan Town Centre.

## **Purchase of premises for welfare facilities**

15. The Agency has provided accommodation advice to Social Welfare Department on feasibility of purchase of premises for operation and provision of welfare services.

## **II. PROPERTY MANAGEMENT**

16. 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.

17. The Agency managed 46 joint-user office buildings covering about 696 858 m<sup>2</sup>, some 22 170 quarters totalling about 1 498 399 m<sup>2</sup> and 228 non-residential Financial Secretary Incorporated (FSI) owned properties in 2018.

### **Property management service contracts**

18. 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.

19. The PMSCs operated efficiently in 2018, all achieving the target performance level of 96%. 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**

20. 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.

21. 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 2018, the Agency vetted 12 DMCs and two Assignments.

### **III. ESTATE UTILISATION**

22. 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;
- (f) exploring the possibility of introducing commercial activities within government properties where appropriate; and
- (g) updating the GIC site record system to take account of new development areas and revised planning parameters.

23. In 2018, the Agency reviewed a total of 85 government sites covering an area of about 480 000 m<sup>2</sup>. Besides, the Agency released Mansfield Road Quarters (site area of about 23 920 m<sup>2</sup>) and Cheung Sha Bungalow, C.S. 44 (site area of about 920 m<sup>2</sup>) for land disposal and Ex-Cheung Sha Wan Abattoir (site

area of about 19 200 m<sup>2</sup>) and Former Hong Kong Academy Premises (site area of about 2 750 m<sup>2</sup>) for public housing development respectively. Furthermore, the Agency completed assessment on site utilisation for 36 capital works projects during the year.

## **Commercialisation**

24. 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 2018, there were 1 072 lettings for commercial uses generating a revenue of about \$467.8 million. Examples of major leasing cases of the year include advertising signs at the external walls of the Star Ferry Car Park and City Hall Multi-storey Car Park Building, a shop at the China Ferry Terminal, shops at Hong Kong-Zhuhai-Macao Bridge Hong Kong Port and fee-paying public car park at the Cheung Sha Wan Government Offices. The Agency had also identified 27 new commercial opportunities in the year.

## **Leasing out surplus government quarters**

25. 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.

26. In 2018, the Agency leased out 215 surplus quarters to the private tenants generating a revenue of about \$130.9 million.

## **Sale of surplus government properties**

27. The Government's established policy is to dispose of surplus government properties as circumstances permit. In 2018, the Agency sold 11 surplus government quarters and associated car parking spaces by open tender, generating a revenue of about \$505 million.