

Government Property Agency Work in 2019

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 2019, the Agency assisted 26 bureaux and departments in meeting their needs for offices and allocated a total floor area of about 66 500 m² to them. New leasing and renewal of leased office accommodation amounted to about 56 400 m² and 68 100 m² respectively. As at 31 December 2019, the total area of office space under the purview of the Agency was about 1 110 500 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 \$209 million in rental for deleasing cases in 2019. Due to new demand for office space of bureaux and departments arising from various needs, there was a net increase of around 18 700 m² in leased office accommodation as compared with 2018.

5. In 2019, 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 had been/will be implemented to reprovise 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 reprovise project is the West Kowloon Government Offices which was completed in 2019, and the move-in of the bureaux and departments was also completed in 2019. Major progress of the other projects in 2019 included completion of site formation and foundation works of the

Government Information Technology Building in Cheung Sha Wan; completion of piling works of the Inland Revenue Tower in Kai Tak and the Treasury Building in Cheung Sha Wan; commencement of construction works of the Immigration Headquarters in Tseung Kwan O; completion of consultation with the respective Legislative Council (LegCo) Panels on various projects including the Drainage Services Department Office Building in Cheung Sha Wan, the Water Supplies Department Headquarters with the Hong Kong and Islands Regional Office and the Correctional Services Department Headquarters building in Chai Wan as well as Tseung Kwan O Government Offices. Meanwhile, we are actively planning for the remaining project of the District Court in 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 2019, the Agency managed 11 owned properties (five in North America, three in Asia, two in Europe, and one in Australia) and 24 leased properties (one each in Bangkok, 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 2019, there were 449 non-departmental quarters, 23 411 departmental quarters and 165 post-tied quarters.

8. In 2019, 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 assisted departments in putting quarters which were no longer required for their originally approved purposes to alternative gainful uses.

New government quarters projects

9. Funding approval was obtained from LegCo to take forward eight departmental quarters projects for disciplined services. Among them, four projects in Lok Fu, Tseung Kwan O, Kwun Tong and Tin Wan were completed in 2018 and 2019 to provide a total of 782 units for various disciplined services

departments.

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 2019, the Agency completed the vetting of 818 applications for accommodation from 72 bureaux and departments covering a total area of about 465 000 m².

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 2019, the Agency supported 70 applications.

“Single Site, Multiple Use” initiative

13. The Agency steers and takes 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 six pilot projects, including redevelopment of the Tuen Mun Clinic, development of a proposed ambulance depot near Sheung Wan Fire Station, development of community facilities joint user complexes on Site G2 at Anderson Road Quarry, Tseung Kwan O town centre and Shan Mei Street in Sha Tin as well as consolidation of several government sites in Tsuen Wan town centre.

Purchase of premises for welfare facilities

15. During the year, the Agency provided advice to Social Welfare Department on its proposal to purchase premises for 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 m², some 22 625 quarters totalling about 1 520 159 m² and 231 non-residential Financial Secretary Incorporated (FSI) owned properties in 2019.

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 2019, 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

20. As the representative of 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 the FSI properties.

21. In addition, the Agency represents FSI as owner of the FSI properties with a long-term legal interest as a co-owner in the developments concerned. 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. In 2019, the Agency vetted 17 DMCs and four 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;
- (g) updating the GIC site record system to take account of new development areas and revised planning parameters; and
- (h) implementing the Socially Caring Leasing Arrangements for achieving the socially caring objective.

23. In 2019, the Agency reviewed a total of 85 government sites covering an area of about 430 000 m². Besides, the Agency released Tai Hang Road Quarters (site area of about 3 990 m²) for land disposal and Yip Shing Street site (site area of about 1 500 m²) for temporary transitional housing development respectively. Furthermore, the Agency completed assessment on site utilisation for 66 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 (NGOs); and management of these tenancies. In 2019, there were 1 129 lettings for commercial uses generating a revenue of about \$352.6 million. Examples of major leasing cases of the year include advertising sign at the external walls of the Star Ferry Car Park and Tsim Sha Tsui Subways and shops at Hong Kong Macau Ferry Terminal. The Agency also identified 55 new commercial opportunities in the year.

Socially Caring Leasing Arrangements

25. In line with Government's policy objective to build a caring society, the Agency has implemented the "Socially Caring Leasing Arrangements" (Arrangements) since 2019.

26. Under the Arrangements, the Agency invites bureaux/departments to take up surplus government premises for their own use or direct allocation to their sponsored non-profit making NGOs with policy support at nominal rent. If the selected government premises are not taken up through direct allocation, the Agency then invites bids from NGOs and social enterprises (SEs) based on the lists provided by Labour and Welfare Bureau/Social Welfare Department and Home Affairs Bureau/Home Affairs Department for leasing these premises. The successful bidders will pay the fixed rent they offer in the tender. In 2019, the Agency directly leased a commercial premises to an NGO with policy support for non-profit-making use, and invited tenders from NGOs and SEs for leasing of seven commercial premises, two of which were eventually rented by an NGO/SE respectively. For the remaining premises which were not rented by any NGO or SE, the Agency put them under open tendering.

27. Under the Arrangements, the Agency also incorporates improvement features including a tenancy period of “3+3” years arrangement¹ and turnover rent (applicable to appropriate premises with passing rent² over \$50,000) to facilitate business operations of small and medium-sized enterprises. In 2019, a total of 17 premises were leased out under the aforementioned enhanced improvement features, with five of them charged with turnover rent.

Leasing out surplus government quarters

28. 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.

29. In 2019, the Agency leased out 208 surplus quarters to the private tenants generating a revenue of about \$113.4 million.

Sale of surplus government properties

30. The Government’s established policy is to dispose of surplus government properties as circumstances permit. In 2019, the Agency sold three surplus government quarters and associated car parking spaces by open tender, generating a revenue of about \$121 million.

Government Property Agency
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¹ Under the “3+3” years arrangement, the Agency will exercise the extension option on the same terms and conditions as those for the first 3-year term, subject to satisfactory performance of the sitting tenant and his/her acceptance of the extension.

² Passing rent refers to the monthly rent in the preceding tenancy.