

Government Property Agency Work in 2020

The work of the Government Property Agency (the 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 2020, the Agency assisted 22 bureaux and departments in meeting their needs for offices and allocated a total floor area of about 19 700 m² to them. New leasing and renewal of leased office accommodation amounted to about 36 700 m² and 90 500 m² respectively. As at 31 December 2020, the total area of office space under the purview of the Agency was about 1 135 100 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 an annual rental of about \$107 million for deleasing cases in 2020. Due to new demand for office space of bureaux and departments arising from various needs, there was a net increase of around 23 100 m² in leased office accommodation as compared with 2019.

5. In 2020, 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. The construction works of the Inland Revenue Centre in Kai Tak, the Government Information Technology Building

and the Treasury Building in Cheung Sha Wan, and the Immigration Headquarters in Tseung Kwan O were in progress. Major progress of the other three projects in 2020 included the commencement of the construction work of the Tseung Kwan O Government Offices in September 2020; and funding approval obtained from the Finance Committee of the Legislative Council (LegCo) for the construction of the Drainage Services Tower in Cheung Sha Wan as well as the Water Supplies Department Building and the Correctional Services Headquarters Building in Chai Wan. Following the completion of the rezoning process in the Caroline Hill Road site, we are actively planning for the implementation of 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 2020, 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, Jakarta, London, Chongqing, Fuzhou, Guangxi, Henan, Hunan, Liaoning, Shaanxi, Shandong, Shenzhen, Tianjin, Wuhan, Zhejiang, two each in Chengdu, Guangzhou and three in 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 2020, there were 393 non-departmental quarters, 23 398 departmental quarters and 162 post-tied quarters.

8. In 2020, 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. The Government is expediting the remaining four projects.

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 2020, the Agency completed the vetting of 1 073 applications for accommodation from 69 bureaux and departments covering a total area of about 893 000 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 2020, the Agency supported 100 applications.

“Single Site, Multiple Use” initiative

13. The Agency collaborates with relevant bureaux/departments to take forward multi-storey development projects with cross-bureau facilities with enhanced 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, construction of joint-user buildings for community facilities at the former Anderson Road Quarry site, Tseung Kwan O town centre and Shan Mei Street in Shatin, 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 assisted Social Welfare Department in identifying potential premises for purchase as premises for the provision of welfare facilities.

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 22 653 quarters totalling about 1 524 009 m² and 235 non-residential Financial Secretary Incorporated (FSI) owned properties in 2020.

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 2020, all exceeding 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, 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 2020, the Agency vetted 19 DMCs and five Assignments.

Management of buildings/facilities at boundary control points

22. To enhance the effectiveness of managing the joint-user government facilities at boundary control points (BCPs), the Agency took up the property and facilities management responsibilities at Hong Kong-Zhuhai-Macao-Bridge Hong Kong Port (HZMB HKP) with effect from 1 January 2020. HZMB HKP is built on an artificial island of about 130 hectares which provides clearance facilities for passengers and vehicles to enter or leave Hong Kong on a 24-hour basis throughout the year. The Agency is responsible for managing common areas/facilities at HZMB HKP, including about 60 joint-user port buildings/facilities and a landscape area of about 400 000 m², with the largest landmark being the Passenger Clearance Building, which has a construction floor area of about 90 000m². The Agency aims to ensure the provision of professional property and facilities management of HZMB HKP so as to facilitate its smooth and uninterrupted operation, and map out plans for taking over property and facilities management responsibilities of other BCPs concerned in a phased approach.

III. ESTATE UTILISATION

23. 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;
- (h) implementing the refined leasing arrangements for better achieving the socially caring objective; and
- (i) advising bureaux and departments on the planning and implementation of public vehicle park projects within government premises from the management, operation and maintenance perspectives.

24. In 2020, the Agency reviewed a total of 85 government sites covering an area of about 710 000 m². Besides, the Agency released Ex-Sai Kung Central Primary School (site area of about 3 850 m²) for social welfare facilities. Furthermore, the Agency completed assessment on site utilisation for 39 capital works projects during the year.

Commercialisation

25. 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 2020, there were 1 171 lettings for commercial uses generating a revenue of about \$203.6 million. An example of major leasing cases of the year include an advertising sign at the rooftop of Immigration Tower. The Agency also

identified 19 new commercial opportunities in the year.

Socially Caring Leasing Arrangements

26. In line with Government’s policy objective to build a caring society, the Agency has implemented the “Socially Caring Leasing Arrangements” (the Arrangements) since 2019.

27. 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 2020, the Agency directly allocated two government premises to bureaux/departments for the provision of social welfare services and blood donation service, and invited tenders from NGOs and SEs for leasing of five government 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.

28. Under the Arrangements, the Agency also incorporates improvement features including a tenancy period of “3+3” years arrangement¹ and turnover rent where applicable to facilitate business operations of small and medium-sized enterprises. In 2020, a total of 10 premises were leased out under the aforementioned enhanced improvement features, with five of them charged with turnover rent.

Leasing out surplus government quarters

29. 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.

30. In 2020, the Agency leased out 226 surplus quarters to the private tenants generating a revenue of about \$124.1 million.

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.

Sale of surplus government properties

31. The Government's established policy is to dispose of surplus government properties as circumstances permit. The Agency will review the disposal approach and strategy from time to time, having regard to the market conditions, conditions of the surplus government properties, etc.

Government Property Agency
June 2021