

CHAPTER 10

Financial Services and the Treasury Bureau

Government Property Agency

Utilisation of government sites

**Audit Commission
Hong Kong
31 March 2004**

This audit review has been carried out under a set of guidelines tabled in the Provisional Legislative Council by the Chairman of the Public Accounts Committee on 11 February 1998. The guidelines were agreed between the Public Accounts Committee and the Director of Audit and have been accepted by the Government of the Hong Kong Special Administrative Region.

The Report is available on our website at <http://www.info.gov.hk/aud/>

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UTILISATION OF GOVERNMENT SITES

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PART 1: INTRODUCTION

1.1 This PART describes the background, objectives and scope of the audit.

1.2 Land is a valuable asset in Hong Kong. There are strong competing demands for land for housing, education, health and welfare, and other recreational and community purposes. In his 1997 Policy Address, the Chief Executive pledged to adopt a more proactive and systematic approach to the planning of government building projects to optimise utilisation of government sites (Note 1). In August 1997, the then Secretary for the Treasury advised all bureaux and departments that the Government was obliged to develop government sites to the fullest extent possible.

Role of the Government Property Agency

1.3 The Government Property Agency (GPA) is responsible for ensuring the optimum utilisation of government sites. In April 1998, the GPA set up the Site Utilisation Division, consisting of 26 staff, to take forward this task in a more comprehensive and strategic manner (Note 2). The main duties of the Site Utilisation Division include:

- (a) reviewing the existing and planned use of government sites;
- (b) identifying under-utilised government sites and formulating proposals to optimise their utilisation;
- (c) advising the Planning Department (Plan D) on proposed reservation of government sites;
- (d) seeking the release of long idle reserved sites with no plans for development; and
- (e) examining new government building projects to ensure the optimum utilisation of the sites concerned.

Note 1: *Government sites refer to those sites being used, or intended to be used, for government/institution/community purposes.*

Note 2: *The Division is also responsible for handling the commercialisation of government estates with effect from August 2000.*

Role of the Property Strategy Group

1.4 Following the issuance of the Director of Audit's Report No. 25 of October 1995 on the under-utilisation of government school sites, the Public Accounts Committee of the Legislative Council considered that the previous working procedures concerning the planning of under-utilised government sites were inflexible. In 1996, the Property Strategy Group (PSG), chaired by the then Secretary for the Treasury (Note 3), was set up to rationalise the planning process and oversee the optimum utilisation of government sites. The PSG is responsible for:

- (a) deciding on policies and strategies for the optimum utilisation of government sites;
- (b) setting targets, formulating, monitoring and reviewing programmes for implementing initiatives relating to the optimum utilisation of government sites; and
- (c) considering actions and formulating decisions on departmental appeals on issues relating to optimum site utilisation.

The PSG conducts its business by holding regular meetings to consider papers submitted by departments and progress reports submitted by the GPA on site utilisation.

Audit review

1.5 The Audit Commission (Audit) has recently carried out a review on the utilisation of government sites, focusing on the efforts made by the GPA and the PSG in optimising site utilisation. The audit has found that there is room for improvement in a number of areas.

1.6 Audit is mindful of the changing economic circumstances and their impact on the demand for land in recent years. Audit has taken into account the changing circumstances in formulating the audit findings and recommendations.

Note 3: *The PSG is now chaired by the Permanent Secretary for Financial Services and the Treasury (Treasury). Its members consist of officers from the GPA, the Housing, Planning and Lands Bureau, the Financial Services and the Treasury Bureau, the Home Affairs Department, the Architectural Services Department and the Plan D.*

PART 2: RECORDING OF GOVERNMENT SITES

2.1 This PART examines the GPA's system for recording government sites, focusing on whether useful and accurate site information is provided for management use.

Government site record system

2.2 In 1998, the GPA developed a computerised government site record system, known as the Site Utilisation System (Note 4), to enable the effective monitoring of site utilisation projects. As at September 2003, the Site Utilisation System kept 3,228 records of government sites, of which 2,258 were developed sites (i.e. with buildings on them) and 970 were undeveloped sites. The System provides information where applicable and available about these sites, including their location, size, current and planned usage, and the site utilisation level (i.e. the actual gross floor area compared with the maximum gross floor area that can be built —Note 5).

Prioritising developed sites for action

2.3 Based on the site utilisation level, 1,008 of the 2,258 developed sites were assessed as under-utilised and 1,250 were assessed as fully utilised. To facilitate action by the GPA, the 1,008 under-utilised sites were further classified into 379 high priority sites and 629 low priority sites, taking into account the following factors:

- (a) **Location.** Higher priority will be accorded to sites in built-up urban areas that are always in strong demand;
- (b) **Physical characteristics.** Higher priority will be accorded to sites with physical characteristics (e.g. size, shape and transport access) which can keep the time and costs required for redevelopment within realistic parameters;

Note 4: *The Site Utilisation System was implemented at a cost of \$1 million. The System was revamped at a further cost of \$1 million in September 2003.*

Note 5: *According to the GPA, the estimates of the maximum gross floor area now recorded in the Site Utilisation System are only ball park figures determined by reference to the plot ratios of the adjacent private land, where they are available. These may or may not be the appropriate reference for the multitude of uses on government sites. The actual site utilisation level would only be known when the reference plot ratio is provided by the Plan D when necessary and where there is a detailed proposal for redevelopment.*

- (c) ***Planning requirements and restrictions.*** For a site that requires rezoning, a higher priority will be accorded only if the Plan D's preliminary assessment indicates that this is feasible (Note 6);
- (d) ***Gain from change of usage.*** For a site considered suitable for change to a new usage, a cost-benefit analysis will be done to establish the possible monetary gain before proceeding further. Sites that achieve a higher gain will normally be accorded a higher priority;
- (e) ***Condition and age of existing buildings.*** Higher priority will generally be accorded to sites with old and functionally unsatisfactory buildings;
- (f) ***Utilisation levels of sites.*** Higher priority will be accorded to sites with serious under-utilisation;
- (g) ***Operational requirements.*** Higher priority may be accorded to a site if there is an urgent operational requirement by the user department (e.g. urgent need for reprovisioning to another site); and
- (h) ***Policy directives.*** High priority will be accorded to a site for which there is policy support for a particular usage.

Site utilisation levels

2.4 The accurate assessment of the utilisation level of a site is important because:

- (a) if a site is assessed as fully utilised, no further action will normally be taken by the GPA; and
- (b) if a site is assessed as under-utilised, the extent of under-utilisation will be a major factor for prioritising GPA action.

2.5 The utilisation level of a site is assessed by the GPA using the following formula:

$$\frac{\text{Actual gross floor area built on the site (A)}}{\text{Maximum gross floor area that can be built on the site (B)}} \times 100\%$$

Note 6: *Change of zoning of government sites can only be made if there is no proven present or future need for government usage. The processes required can be lengthy and time-consuming.*

2.6 It should be noted that, while (A) in the above formula can be measured fairly accurately, (B) is only an estimate. Making this estimate will inevitably involve an element of judgement of the subject GPA officer.

Audit observations on site utilisation levels

2.7 Audit randomly selected 150 records (of the 2,258 developed sites) from the Site Utilisation System to examine how (B) was estimated. Audit found that, for 105 sites (70%), the GPA made the estimates by reference to the plot ratios of the adjacent land. Audit recognises that this was a reasonable basis for estimation at the time of the assessment. *However, as circumstances may change over time (e.g. urbanisation), Audit has asked the GPA whether periodic reviews are necessary to ensure that the estimates remain reasonable.* In response, the GPA has informed Audit that reviews of the utilisation levels are carried out periodically for sites in individual districts when broad planning parameters are changed. In addition, the Plan D has been, with input from other departments as appropriate, providing reference plot ratio for determining utilisation level when necessary and where there is a detailed proposal for redevelopment.

2.8 For the remaining 45 sites (30%), Audit found that (B) was set at a value equal to (A). As a result, these sites were assessed as fully utilised. The usage of these sites included schools, community halls/centres and a vehicle pound (see Appendix A for details). Audit noted from GPA records that, for these sites, (B) was set at a value equal to (A) without regard to the plot ratios of the adjacent land because they were considered to have little or no development potential. However, the case of the vehicle pound (i.e. the Kowloon Bay Vehicle Examination Centre) has cast doubt on the rationale for such a treatment. Case details are shown below.

Case Study: Kowloon Bay Vehicle Examination Centre

Case particulars

Site usage: Vehicle pound

Actual gross floor area of existing development: 5,765 square metres

Site area: 1.2 hectares

In assessing the utilisation level of this site, (B) was set at a value equal to (A). Using this method, the GPA assessed the site as fully utilised, with an estimated maximum plot ratio of **0.48**.

In August 1997, the then Secretary for the Treasury invited departments to submit proposals on the better utilisation of government sites. In response, the Transport Department advised the GPA that the Kowloon Bay Vehicle Examination Centre might be considered. The Centre was being used for the examination of taxis, goods vehicles, light buses and new vehicles. Apart from the office building which had two storeys, a substantial part of the site was open space. The Transport Department proposed to redevelop the site into a multi-storey building with a vehicle examination centre, a general office and a lorry park. The Plan D advised that the maximum plot ratio of the site was **12** for the proposed redevelopment.

In March 1998, it was agreed that suitable sites would be identified for reprovisioning the Kowloon Bay Vehicle Examination Centre on a permanent basis. As at December 2003, the Transport Department was still considering the suitability of various possible sites.

Audit comments

According to the Plan D, the maximum plot ratio of the site is **12**. This is **25** times of the estimate of **0.48** made by the GPA. This casts doubt on the reasonableness of setting (B) at a value equal to (A) for the site. It also illustrates the importance of seeking expert advice from the Plan D.

2.9 **Audit considers that the GPA needs to reassess the site utilisation levels of the 45 sites referred to in paragraph 2.8 and of other similar sites, to identify those under-utilised sites that are presently classified as fully utilised.**

Audit observations on completeness and consistency of site records

2.10 From the 150 records of developed sites selected for examination, Audit notes that:

- (a) the information about two priority-determining factors, namely the feasibility of rezoning and the potential gain from redevelopment (see para. 2.3(c) and (d)), is not included in the Site Utilisation System. In Audit's view, this information is useful and the GPA needs to consider its inclusion in the System;
- (b) the classification of the usage of 12 sites (8%) was inconsistent (Note 7); and
- (c) the usage of 5 sites (3%) was not given.

In the light of the above findings, Audit considers that the GPA needs to ensure that the information provided by the Site Utilisation System is complete, consistent and accurate.

Audit observations on the provision of information on undeveloped sites

2.11 As mentioned in paragraph 2.2, there were 970 undeveloped sites as at September 2003. Of these sites, 629 were reserved for designated purposes (hereinafter referred to as reserved sites — Note 8). The other 341 sites were not reserved for any designated purposes. Audit randomly selected 100 records of undeveloped sites from the Site Utilisation System to examine the information provided.

2.12 ***Extent of site utilisation of proposed developments.*** The audit findings indicate that the GPA does not record in the Site Utilisation System the extent of site utilisation of

Note 7: *For example, two multi-storey car park buildings of the same nature of usage were classified differently in the Site Utilisation System. One was classified as "Car park — Non-domestic", while the other was classified as "Office".*

Note 8: *In preparing town plans, the Plan D, in consultation with the departments concerned, reserves undeveloped government sites for designated purposes in accordance with the Hong Kong Planning Standards and Guidelines.*

the proposed developments on reserved sites (i.e. the gross floor area of a proposed development compared with the maximum gross floor area that can be built on the site). *As this information may be useful for management purposes, Audit has asked the GPA why it does not input such information into the System.* In response, the GPA has informed Audit that departments reserving sites for all types of development are required to supply an indication of the size of accommodation required. However, from GPA experience, the details of the accommodation to be provided are the subject of frequent changes right up to the time when construction commences. Such information could be recorded but updating would be time-consuming and not cost-effective.

2.13 ***Short-term use of sites.*** The Lands Department is responsible for managing the short-term use of undeveloped government sites. It may grant short-term tenancies or allocate such land for temporary uses such as works areas. The GPA obtains from the Lands Department the information on such uses and updates the Site Utilisation System for reference purposes. Audit noted that 69 of the 100 selected sites were put under short-term use. However, clear indications of such short-term use were only recorded in the Site Utilisation System for 49 sites but not the remaining 20 sites. *Audit has asked the GPA whether such information should be input into the System and periodically updated.* In response, the GPA has informed Audit that it does not consider it necessary nor cost-effective to capture information on short-term uses of sites in the System, as only those uses that will not adversely affect the permanent development schedule are permitted. There are around 1,000 reserved sites and undesignated sites. The burden of record keeping would be out of proportion to the benefits gained.

Audit recommendations

2.14 **Audit has recommended that the Government Property Administrator should:**

- (a) **reassess the site utilisation levels of the 45 developed sites referred to in paragraph 2.8 and of other similar sites, to identify those under-utilised sites that are presently classified as fully utilised (see para. 2.9);**
- (b) **seek expert advice from the Plan D, where necessary, when performing the tasks recommended in (a) above (see para. 2.8); and**
- (c) **ensure that the management information provided by the Site Utilisation System is complete, consistent and accurate (see para. 2.10).**

Response from the Administration

2.15 The **Government Property Administrator** has said that:

- (a) she will seek expert advice from the Plan D in respect of the 45 sites identified and other similar ones classified as fully utilised. In the case of the Kowloon Bay Vehicle Examination Centre, the record has now been corrected to reflect the maximum development potential (i.e. a plot ratio of 12);
- (b) she will consult the Plan D on whether it would be practicable to include information on the feasibility of rezoning and the potential redevelopment gain in the Site Utilisation System; and
- (c) she accepts that standardisation of descriptions and classifications of usage would be beneficial. She will consider how improvements could be made and prepare more detailed guidance for staff's reference.

PART 3: ACTIONS TAKEN TO OPTIMISE UTILISATION OF DEVELOPED SITES

3.1 This PART examines the Government's actions taken to optimise the utilisation of the developed government sites.

Actions taken to optimise site utilisation

3.2 As mentioned in paragraph 2.3, 1,008 (45%) of the 2,258 developed sites were classified as under-utilised as at September 2003. The 1,008 under-utilised sites were further classified into 379 high priority sites and 629 low priority sites.

3.3 The GPA takes action to optimise the utilisation of sites by tackling the high priority sites first, followed by the low priority sites. According to the GPA, the status of the 379 high priority sites can be classified into the following four categories:

- (a) ***Sites dealt with successfully.*** These sites are either sold or included in the land sale and redevelopment programmes;
- (b) ***Sites with no immediate solution.*** These are sites for which no specific follow-up actions are proposed under the prevailing circumstances (Note 9);
- (c) ***Sites for which work is in progress.*** These are sites for which follow-up actions are still in progress; and
- (d) ***Sites to be reviewed.*** These are sites for which follow-up actions will be taken.

Table 1 shows the status of the 379 high priority sites as at September 2003.

Note 9: *Sites in this category include, for example, historic buildings and facilities for which no suitable sites could be found to reprovise them.*

Table 1

Status of the 379 high priority sites as at September 2003

Status	Number of sites
Dealt with successfully	100
No immediate solution	193
Work in progress	83
To be reviewed	3
Total	379

Source: GPA records

Property Strategy Group meetings

3.4 The GPA is required to report to the PSG regularly the progress of its actions on under-utilised government sites. From 1996 to 2002, the PSG convened 21 meetings. It has ceased to meet since May 2002. The number of meetings held each year is shown in Table 2.

Table 2

Property Strategy Group meetings held from 1996 to 2003

Year	Number of meetings
1996	2
1997	4
1998	5
1999	4
2000	3
2001	2
2002	1
2003	-
Total	21

Source: GPA records

Audit observations

3.5 There is still a large amount of work to be done. So far only 100 of the 1,008 under-utilised sites have been successfully dealt with. For the other 908 sites, which include 279 high priority sites, actions and attention are still required. **Audit considers that the PSG needs to reconvene its meetings in order to provide the GPA with the necessary strategic direction and support.**

Audit recommendations

3.6 **Audit has recommended that the Secretary for Financial Services and the Treasury should ask the PSG to reconvene meetings as soon as possible. In particular, he should ask the PSG to:**

- (a) **take stock of what needs to be done on the under-utilised government sites;**
- (b) **review its strategy and set targets (both long-term and short-term) for optimising the utilisation of government sites;**
- (c) **direct the GPA to formulate a programme of work (with a timetable setting out the key milestone dates) to ensure that the targets are achieved; and**
- (d) **closely monitor the GPA's progress against an approved programme of work.**

Response from the Administration

3.7 The Secretary for Financial Services and the Treasury has said that the PSG will be holding a meeting shortly. He has also said that:

General comments

- (a) he agrees entirely that land is a valuable asset in Hong Kong. Not only that, it is also scarce. The Government as a whole is therefore committed to making the best use of the limited resources available. For this purpose, too, the PSG was set up in 1996 to develop strategies and to coordinate efforts for ensuring the optimal use of the development potential of government sites;
- (b) he cannot emphasise more the importance which he attaches to the site utilisation reviews. At the same time, it has to be recognised that such reviews are of value only when the under-utilised sites identified could be put to fruitful alternative use, either through redevelopment or disposal of the sites. In recent years, however, there has been a downturn in the economy which has been

reflected in the Government's ability to sell land through the land sale programme. The Government has also embarked on major initiatives to downsize its establishment and, in view of financial stringency, generally to tighten expenditure. As a result, the demand and opportunities for redevelopment or sale of under-utilised government sites have greatly diminished. He believes that the need and urgency for the site utilisation reviews ought to be looked at in the light of the changed circumstances; and

PSG will hold meeting shortly

- (c) the PSG does have a clear and comprehensive strategy for ensuring optimal utilisation of government sites, both for sites already developed and sites being planned for development. Meanwhile, one important task for the PSG is to examine proposals on joint-user developments and the release of under-utilised sites. It also has to decide on whether public works projects which, with good justifications, cannot fully utilise the potential of the sites should proceed to the Public Works Sub-committee of the Legislative Council. In the past two years, the need for the PSG to meet over such issues has not been frequent, hence the reduced number of meetings. **Nevertheless, the PSG will be holding a meeting shortly to consider, among other things, the need to revise its existing strategy to take into account the changed circumstances.**

Working groups for optimising site utilisation

3.8 One of the initiatives of the PSG was the formation of working groups to deal with under-utilised sites. In November 1997, the PSG directed that:

- (a) the GPA should review all grossly under-utilised government sites to ascertain whether the sites could be categorised into coherent groups with a readily recognisable lead policy bureau/department;
- (b) the lead policy bureau/department should be asked to form working groups, with the GPA and the Plan D included as members, to identify which sites could be released for redevelopment. The working groups should work out a reprovisioning programme for existing facilities and solutions to address possible problems over the release of under-utilised sites; and
- (c) the GPA should take care of those individual sites which did not fit into any particular groups.

3.9 In January 1998, the GPA proposed that priority should be given to the following five groups of properties:

- (a) clinics/welfare premises;
- (b) former education centres/schools;
- (c) police stations/fire stations/ambulance depots;
- (d) multi-storey car parks; and
- (e) government offices/quarters.

The GPA also indicated that the list was not exhaustive and it would continue to identify other groups as an on-going exercise.

3.10 In response to the GPA's proposal, the PSG advised that:

- (a) the GPA should accord priority to the clinic sites; and
- (b) there was no immediate need to set up working groups for former education centres/schools, police stations and multi-storey car parks.

3.11 In April 1998 the Working Group on Clinic Sites, chaired by an Assistant Director of Health (Note 10), was established to review the utilisation of clinic sites with a view to achieving optimum utilisation of existing and reserved clinic sites through redevelopment, reprovisioning, or release of the sites if appropriate.

3.12 In October 1998, the Working Group on Clinic Sites drew up its first programme for the redevelopment of under-utilised clinic sites. Up to April 2002, the Working Group held ten meetings to discuss the progress of its action on 11 under-utilised clinic sites. Since then the Working Group has ceased to meet.

Audit observations

3.13 So far only one working group (i.e. the Working Group on Clinic Sites) has been formed to deal with a group of under-utilised government sites. The Working Group held its last meeting in April 2002. **The PSG has not yet evaluated the effectiveness of this Working Group.**

Note 10: *Members of the Working Group included officers from the Department of Health, the GPA and the Plan D.*

Audit recommendations

3.14 **Audit has recommended that the Secretary for Financial Services and the Treasury should ask the PSG to:**

- (a) **evaluate the effectiveness of the Working Group on Clinic Sites in dealing with under-utilised clinic sites;**
- (b) **consider the need to reconvene meetings of the Working Group on Clinic Sites to deal with under-utilised clinic sites; and**
- (c) **consider the need to form more working groups to deal with other coherent groups of under-utilised sites.**

Response from the Administration

3.15 **The Secretary for Financial Services and the Treasury has said that:**

- (a) he would certainly evaluate the effectiveness of the Working Group on Clinic Sites when it has put forward its recommendations;
- (b) the Director of Health has planned to reconvene a meeting of the Working Group in the very near future (see para. 3.16); and
- (c) he agrees to consider the need for forming other working groups to deal with other coherent groups of under-utilised sites. However, bearing in mind staffing constraints and consideration of costs and benefits, he is not in a position to commit the bureaux and departments concerned to complete their site utilisation studies at the expense of their other more urgent tasks and responsibilities.

3.16 **The Director of Health** has said that the Working Group on Clinic Sites convened its last meeting in April 2002. Since then, the Department of Health has been fully engaged in the planning of transfer of general out-patient clinics to the Hospital Authority and the management of the Severe Acute Respiratory Syndrome crisis. The Department of Health has scheduled the Working Group to next meet in March 2004 to review, among others, the effect of the transfer of the general out-patient clinics and the setting up of the Centre for Health Protection on the Department's accommodation requirements.

PART 4: ACTIONS TAKEN TO OPTIMISE UTILISATION OF UNDEVELOPED SITES

4.1 This PART examines the Government's actions taken to optimise the utilisation of the undeveloped government sites.

Planning of land use

4.2 From a planning perspective, the Government has to ensure a balance of development in a particular area or district to promote the health, safety, convenience and general welfare of the community. This is reflected in the various town plans prepared by the Town Planning Board. In general, sites are reserved in town plans to cater for:

- (a) government and community facilities covered by the Hong Kong Planning Standards and Guidelines; and
- (b) facilities not covered by the Guidelines but required to serve specific operational needs of the Government or other public service providers.

Under (a), even if there is no immediate development programme for the concerned facilities, sites are reserved to ensure the balance of development. Furthermore, broader planning considerations, such as urban design objectives (e.g. providing visual relief) and local development density, are taken into account in the process of site reservation.

Undeveloped government sites

4.3 As mentioned in paragraph 2.2, there were 970 undeveloped sites as at September 2003. Of these sites, 629 were reserved sites and the other 341 sites were not reserved for any designated purposes.

Newly reserved sites

4.4 With effect from July 1997, it has been the GPA's practice to examine the justifications for site reservations put forward by user departments, and to advise the Plan D whether it supports the proposed reservation from the site utilisation point of view. The GPA also gives advice on the need for joint-user development.

Old reserved sites

4.5 ***PSG initiative.*** For sites reserved long ago, the PSG has been concerned about the need for their retention, given that over the years there may be changes in user requirements and land use of neighbouring areas. At a PSG meeting held in February 2000, the then Secretary for the Treasury said that the GPA should compile information on site reservations and seek confirmation from the departments concerned as to whether the sites were still required. For those reserved sites that had stayed idle for a long time, the GPA should review whether the bureaux/departments concerned still needed the sites. The Plan D should also ascertain whether these sites could be rezoned for other uses or be reallocated to more suitable users.

4.6 ***March 2000 exercise.*** In March 2000, the GPA requested the departments concerned to provide information on their reserved sites (e.g. date of site reservation, estimated start and completion dates of development) and to consider releasing those sites for which there was no known programme for development. As a result of this exercise, about 20 sites were released.

4.7 ***Periodic reviews pledged.*** At a PSG meeting held in May 2001, at the suggestion of the then Secretary for the Treasury, the GPA undertook to request the departments concerned to justify the retention of reserved sites once every three years. The GPA subsequently informed the PSG that, as its last review was performed in March 2000, it would perform the next review in March 2003. However, up to December 2003, the GPA had not performed the review.

Audit observations

4.8 Audit welcomes the PSG's initiative to conduct periodic reviews of the reserved sites. Such reviews are important because circumstances may change over time. A notable example of such changing circumstances in recent years is the continued downsizing of the civil service. The number of civil servants dropped by 11.7% from 196,000 in April 1999 to 173,000 in September 2003. It is expected to drop by another 7.5% to 160,000 by 2006-07. Downsizing of such a magnitude could affect the mode of operations of government departments and their accommodation needs. This, in turn, could affect their needs for the reserved sites. **However, Audit notes that the GPA review scheduled for March 2003 has been overdue (see para. 4.7).**

Audit recommendations

4.9 **Audit has recommended that the Government Property Administrator should, in consultation with the Plan D, consider:**

- (a) **conducting a review as soon as possible to ascertain whether the reserved sites are still required for the original designated purposes, taking into account the changing circumstances. Particular attention should be given to those reserved sites for which the departments concerned do not have a firm development programme; and**
- (b) **conducting similar reviews periodically.**

Response from the Administration

4.10 The **Government Property Administrator** has said that due to changed circumstances (see para. 3.7(b)), a comprehensive review of reserved sites was put back in 2003. In consultation with the relevant parties, she will look into whether a comprehensive review of reserved sites should be undertaken, and the appropriate time-frame and mode.

4.11 The **Secretary for Housing, Planning and Lands** has said that, in practice, new demands for sites that necessitate site searches are initiated from time to time. His experience over the years is that such site search exercises carried out by the Plan D have the de facto effect of an on-going review of government sites in various districts to meet the specific needs of the user departments/bureaux.

Undesignated sites

4.12 As mentioned in paragraph 4.3, there were 341 undeveloped government sites not reserved for any designated purposes. However, these undesignated sites would remain as government sites unless rezoned for other uses.

Audit observations

4.13 So far the PSG has not played an active role regarding the undesignated sites. This is understandable given that developed sites and reserved sites warrant greater efforts and attention. For completeness, however, it may now be opportune for the PSG to consider and define more clearly its role regarding the undesignated sites.

Audit recommendation

4.14 **Audit has recommended that the Secretary for Financial Services and the Treasury should ask the PSG to consider its role regarding the undesignated sites.**

Response from the Administration

4.15 The **Secretary for Financial Services and the Treasury** has said that:

- (a) it is his understanding that “undesigned sites” are sites zoned government/institution/community on outline zoning plans, which are however not designated for use by any specific bureaux or departments. These zonings are made by the Town Planning Board out of comprehensive overall town planning considerations; and
- (b) having said that, he will be willing to consider in the PSG whether it can play a positive role regarding the undesigned sites without interfering with the Town Planning Board’s statutory authority.

Appendix A
(para. 2.8 refers)

Usage of the 45 developed sites referred to in paragraph 2.8

Usage	Number of sites
Community hall/centre	3
Declared monument	2
Depot	1
Education/training/resource centre	1
Electricity sub-station	2
Helipad	1
Market	1
Museum	2
Office	1
Playground	1
Public toilet	8
Recreation/sport ground	2
Refuse collection point	5
School	8
Sewage treatment/pumping facilities	2
Special	2
Swimming pool complex	2
Vehicle pound	1
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Total	45
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Source: GPA records

Appendix B

Acronyms and abbreviations

Audit	Audit Commission
GPA	Government Property Agency
Plan D	Planning Department
PSG	Property Strategy Group