

# Report No. 42 of the Director of Audit — Chapter 10

## UTILISATION OF GOVERNMENT SITES

### Summary

1. The Property Strategy Group (PSG), chaired by the Permanent Secretary for Financial Services and the Treasury (Treasury), is responsible for deciding on policies and strategies for the optimum utilisation of government sites (i.e. sites being used, or intended to be used, for government/institution/community purposes). The Government Property Agency (GPA) is responsible for implementing actions to optimise the utilisation of government sites.

#### Recording of government sites

2. *Completeness and consistency of government site records.* Information about government sites is kept by the GPA in a computerised government site record system, known as the Site Utilisation System. As at September 2003, the 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. From a sample check, the Audit Commission (Audit) found that the classification of the usage of some developed sites was inconsistent and the usage of some sites was not given in the System. Audit also found that the System did not include useful site information regarding the feasibility of rezoning and the potential gain from redevelopment. *Audit has recommended that the Government Property Administrator should ensure that the management information provided by the System is complete, consistent and accurate.*

3. *Site utilisation levels.* The utilisation level of a site (calculated by dividing the actual gross floor area by the maximum gross floor area that can be built) is a major factor for prioritising GPA action. Based on the utilisation levels of the 2,258 developed sites, 1,008 were assessed by the GPA as under-utilised and 1,250 were assessed as fully utilised. Audit's sample check found that for 45 sites the maximum gross floor area was set at a value equal to the actual gross floor area because they were considered to have little or no development potential. As a result, these sites were assessed as fully utilised. An audit case study has cast doubt on the rationale for such a treatment. *Audit has recommended that the Government Property Administrator should reassess the site utilisation levels of these 45 sites and of other similar sites.*

## **Actions taken to optimise utilisation of developed sites**

4. ***Actions taken to optimise site utilisation.*** The GPA takes action to optimise the utilisation of sites by tackling the high priority sites first, followed by the low priority sites. So far 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. *As the PSG has ceased to meet since May 2002, Audit has recommended that the Secretary for Financial Services and the Treasury should ask the PSG to reconvene meetings as soon as possible to take stock of what needs to be done on the under-utilised government sites.*

5. ***Working groups for optimising site utilisation.*** Forming working groups to deal with coherent groups of under-utilised sites was a PSG initiative. In 1998 one working group was formed to deal with under-utilised government clinic sites. *Audit has recommended that the Secretary for Financial Services and the Treasury should ask the PSG to evaluate the effectiveness of the working group, and consider the need to form more working groups to deal with other coherent groups of under-utilised sites.*

## **Actions taken to optimise utilisation of undeveloped sites**

6. ***Reserved sites.*** Of the 970 undeveloped sites, 629 were reserved for designated purposes (i.e. reserved sites) and 341 were not so reserved (i.e. undesignated sites). The GPA conducted a review of the need for retention of reserved sites in March 2000, but a similar review scheduled for March 2003 has been overdue. *Audit has recommended that the Government Property Administrator should consider conducting a review as soon as possible.*

7. ***Undesignated sites.*** 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, 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**

8. The Administration has generally agreed with the audit recommendations.

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