

**Memorandum for the Finance Committee of  
the Hong Kong Housing Authority**

**2020/21 Programmes of Activities  
for the Housing Authority's Businesses**

**PURPOSE**

This paper presents the 2020/21 Programmes of Activities (POAs) for the Housing Authority (HA)'s businesses, including POAs for subsidised housing, commercial properties, development and construction, building control, and procurement, for Members' information.

**INFORMATION**

2. This paper is issued for Members' information.

**BACKGROUND**

3. The Finance Committee (FC) had approved measures to strengthen its role on HA's financial management vide Paper No. FC 20/2006 and further improvements on financial planning and budgeting process vide Paper No. FC 17/2009. As part of the strengthening measures, the papers on new policies/initiatives for endorsement/approval by relevant business committees with significant financial implications in the budget and forecast period will be copied to the FC for information.

**PROGRAMMES OF ACTIVITIES FOR 2020/21**

4. In this connection, the 2020/21 POAs of individual businesses are attached to this paper (**Attachments A to E**) to facilitate Members' better understanding of their financial implications before Members review the HA's

consolidated budgets and forecasts in early January 2020. These POAs have been endorsed by relevant business committees. The 2020/21 POAs for Corporate Services is not attached as it has already been distributed to and endorsed by Members vide Paper No. FC 45/2019. The POAs will form part of the HA's Corporate Plan.

5. In the coming FC meeting on 10 January 2020, the HA's consolidated budgets and forecasts covering financial projections of all the HA's operations, investment return as well as cash and investment balance will be presented to Members for consideration. After endorsement by the HA on 20 January 2020, the Corporate Plan and the Revised Budget 2019/20 and Proposed Budget 2020/21 will be submitted to the Chief Executive for approval.

## **PUBLICITY**

6. No publicity will be given on the information in this paper.

## **DECLASSIFICATION**

7. It is proposed that this paper be declassified after the endorsement of the Corporate Plan and the Revised Budget 2019/20 and Proposed Budget 2020/21 by the HA in January 2020. After declassification, the paper will be made available to the public at the HA/HD website, the HA's Library and through the Departmental Access to Information Officer.

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(Corporate Services Division)

Date of Issue : 8 January 2020

## List of Attachments

1. Attachment A – Programme of Activities for Subsidised Housing for 2020/21 (Paper No. SHC 59/2019)
2. Attachment B – Programme of Activities for Commercial Properties for 2020/21 (Paper No. CPC 32/2019)
3. Attachment C – Programme of Activities for Development and Construction for 2020/21 (Paper No. BC 78/2019 (Revised))
4. Attachment D – Programme of Activities for Building Control for 2020/21 (Paper No. BC 79/2019 (Revised))
5. Attachment E – Programme of Activities for Procurement for 2020/21 (Paper No. TC 112/2019 (Revised))

**Memorandum for the Subsidised Housing Committee of  
the Hong Kong Housing Authority**

**2020/21 Programme of Activities for Subsidised Housing**

**PURPOSE**

This paper seeks Members' endorsement of the 2020/21 Programme of Activities for Subsidised Housing (PoA).

**RECOMMENDATION**

----- 2. Members are invited to **endorse** (a) the 2020/21 PoA at **Annex** for incorporation into the draft Housing Authority (HA)'s 2020/21 Corporate Plan to be submitted to HA in January 2020; and (b) the declassification of this paper after HA's endorsement of the 2020/21 Corporate Plan (paragraph 13).

**BACKGROUND**

3. The Strategic Planning Committee (SPC) endorsed HA's 2020/21 Strategic Plan (SP) on 21 October 2019 vide Paper No. SPC 33/2019. HA and Subsidised Housing Committee (SHC) brainstorming sessions were held on 1 and 15 November 2019 respectively.

4. On the basis of the approved SP as well as comments from Members at the brainstorming sessions in November 2019, we have drawn up the 2020/21 PoA at **Annex**, covering the relevant themes, objectives, key activities (KAs) and key performance indicators (KPIs). Members' views and comments are either addressed in PoA or to be resolved through continuous enhancement of management, maintenance and other services under the purview of the Subsidised Housing operations.

## **MID-YEAR REVIEW ON PERFORMANCE OF 2019/20 PROGRAMME OF ACTIVITIES**

5. Members were informed of the mid-year performance review of the 2019/20 PoA as at 30 September 2019 vide Paper No. SHC 54/2019. We will continue to monitor the performance of the 2019/20 PoA and report its year-end review to Members accordingly.

## **2020/21 PROGRAMME OF ACTIVITIES**

### **Themes and Objectives**

6. In accordance with the 2020/21 SP endorsed by SPC, we will continue to adopt the following themes for HA's 2020/21 Corporate Plan –

- (a) Providing quality homes;
- (b) Promoting sustainable living;
- (c) Optimising and rationalising the use of public resources; and
- (d) Enhancing the attractiveness of commercial properties.

7. The work and efforts of Subsidised Housing operation in 2020/21 will focus mainly on the first three themes. Under these three Themes, we have formulated ten objectives as set out in paragraph 4 of PoA.

### **Key Activities**

8. We have identified 19 KAs as set out in paragraph 5 of PoA for implementation in 2020/21. Among these KAs, three are new initiatives while the remaining 16 are on-going. We have set 40 performance goals for these 19 KAs.

9. The three new KAs, which fall under the Theme of Providing Quality Homes, are –

- (a) To make active preparations with a view to accelerating the sale of about 42 000 unsold flats in the 39 estates under the Tenants Purchase Scheme;

- (b) To put up more Home Ownership Scheme, Green Form Subsidised Home Ownership Scheme flats which are under construction for pre-sale in 2020; and
- (c) To further raise the quota of White Form Secondary Market Scheme in 2020.

### **Performance Measure**

10. Ten KPIs are set out in paragraph 6 of PoA to help evaluate and monitor the progress of achieving the objectives and implementing KAs.

### **Risk Management**

11. In formulating KAs and KPIs for 2020/21, we have taken into account the risk management strategies as detailed in paragraphs 7 to 9 of PoA.

### **PUBLICITY**

12. No publicity will be arranged for this paper. We will submit HA's 2020/21 Corporate Plan to the Chief Executive by 31 January 2020 for approval. Subject to the approval, we will publish the 2020/21 Corporate Plan.

### **DECLASSIFICATION**

13. We **propose** to declassify this paper upon Members' endorsement of the 2020/21 PoA in paragraph 2 above and HA's endorsement of the 2020/21 Corporate Plan at its meeting in January 2020. Upon declassification, the paper will be made available to the public in the Housing Department (HD)'s library, at HA/HD website and through the Departmental Access to Information Officer.

## **PRESUMPTION**

14. We presume that Members have no objections to the proposals in paragraph 2 above. If no objection or request for discussion is received by the Committees' Secretary **by noon on 24 December 2019**, Members' endorsement will be assumed and appropriate actions will be taken.

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File Ref. : HD 3-3/BPS/16-20/1  
(Estate Management Division)  
Date of Issue : 13 December 2019

**PROGRAMME OF ACTIVITIES**

**FOR**

**SUBSIDISED HOUSING**

**2020/21**

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## I. INTRODUCTION

This Programme of Activities (PoA) presents the themes, objectives, key activities (KAs) and key performance indicators (KPIs) formulated for Subsidised Housing for 2020/21, together with the associated budgets.

2. The mid-year performance review of the 2019/20 PoA are set out in Paper No. SHC 54/2019. Among the 16 KAs, four KAs were completed and 12 KAs were either on schedule or on-going, whereas the targets of the KPIs were generally achieved.

3. In line with the Housing Authority (HA)'s strategic objectives and functions, the following four themes are adopted for HA's 2020/21 Corporate Plan –

Theme 1: Providing quality homes;

Theme 2: Promoting sustainable living;

Theme 3: Optimising and rationalising the use of public resources;  
and

Theme 4: Enhancing the attractiveness of commercial properties.

4. Our direction of work and efforts in 2020/21 will continue to focus mainly on the first three themes. In this regard, ten objectives for Subsidised Housing are formulated –

### **Objectives with New Initiatives**

<b><i>Theme 1</i></b> <i>Providing Homes</i>	<i>Quality</i>	<b>Objective 1:</b> Providing public rental housing (PRH) to low-income families and addressing the home ownership aspirations of low to middle-income families (KAs (1)-(3))
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### Objectives with On-going Initiatives

<p><b>Theme 1:</b> <i>Providing Homes</i></p> <p style="text-align: center;"><i>Quality</i></p>	<p><b>Objective 1:</b> Providing PRH to low-income families and addressing the home ownership aspirations of low to middle-income families (KA (4))</p> <p><b>Objective 2:</b> Maintaining a sustainable PRH stock through proactive improvement work programmes and a verification system (KA (5))</p> <p><b>Objective 3:</b> Improving the environmental standards of PRH estates (KA (6))</p> <p><b>Objective 4:</b> Enhancing safety and health practices for planned maintenance and improvement works (KA (7))</p>
<p><b>Theme 2 :</b> <i>Promoting Sustainable Living</i></p>	<p><b>Objective 5:</b> Maintaining estate cleanliness and environmental hygiene for healthy and harmonious living (KAs (8)-(9))</p> <p><b>Objective 6:</b> Enhancing community bonding and attending to tenants' needs (KA (10))</p> <p><b>Objective 7:</b> Promoting greening in existing PRH estates (KA (11))</p>
<p><b>Theme 3 :</b> <i>Optimising and Rationalising the Use of Public Resources</i></p>	<p><b>Objective 8:</b> Optimising and rationalising the use of PRH resources (KAs (12)-(15))</p> <p><b>Objective 9:</b> Optimising the use of SSF resources (KAs (16)-(17))</p> <p><b>Objective 10:</b> Implementing e-services (KAs (18)-(19))</p>

## II. KEY ACTIVITIES

5. In 2020/21, we plan to roll out the following 19 KAs under the objectives above. Details of the 19 KAs are as follows –

### New Initiatives

#### Theme 1: Providing Quality Homes

<b>Objective</b>		
<b>Key Activity (KA)</b>	<b>Target</b>	
	<b>Performance Goal (PG)</b>	<b>Time Goal</b>
<b>Objective ( 1 )</b>		
<b>Providing PRH to low-income families and addressing the home ownership aspirations of low to middle-income families</b>		
KA(1) To make active preparations with a view to accelerating the sale of about 42 000 unsold flats in the 39 estates under the Tenants Purchase Scheme (TPS)	PG01 To implement measures to accelerate the sale of the unsold flats in TPS estates	Q4/2020

## New Initiatives

### Theme 1: Providing Quality Homes

<b>Objective</b>		
<b>Key Activity (KA)</b>	<b>Target</b>	
	<b>Performance Goal (PG)</b>	<b>Time Goal</b>
<b>Objective ( 1 )</b>		
<b>Providing PRH to low-income families and addressing the home ownership aspirations of low to middle-income families</b>		
KA(2) To put up more Home Ownership Scheme (HOS), Green Form Subsidised Home Ownership Scheme (GSH) flats which are under construction for pre-sale in 2020 <sup>Note 1</sup>	PG02 To put up more HOS flats which are under construction for pre-sale in 2020	First half of 2020
	PG03 To put up more GSH flats which are under construction for pre-sale in 2020	Q4/2020
KA(3) To further raise the quota of White Form Secondary Market Scheme (WSM) in 2020	PG04 To further raise the quota of WSM in 2020	First half of 2020

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Note 1 It is expected that as many as around 12 000 HOS and GSH flats will be put up for pre-sale in 2020.

## On-going Initiatives

### **Theme1: Providing Quality Homes**

<b>Objective</b>		
<b>Key Activity (KA)</b>	<b>Target</b>	
	<b>Performance Goal (PG)</b>	<b>Time Goal</b>
<b>Objective ( 1 )</b>		
<b>Providing PRH to low-income families and addressing the home ownership aspirations of low to middle-income families</b>		
KA(4) To provide PRH to low-income families who cannot afford private rental accommodation. While the latest average waiting time (AWT) <sup>Note 2</sup> for general applicants (i.e. family and elderly one-person applicants) has exceeded three years, we will continue to strive to achieve the target of providing the first flat offer to general applicants at around three years on average in the long run	PG05 To strive to achieve the target of providing the first offer to general applicants at around three years on average in the long run	On-going

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Note 2 Waiting time refers to the time taken between registration for PRH and the first flat offer, excluding any frozen period during the application period (e.g. when the applicant has not yet fulfilled the residence requirement; the applicant has requested to put his/her application on hold pending arrival of family members for family reunion; the applicant is imprisoned, etc.). AWT for general applicants refers to the average of the waiting time of those general applicants who were housed to PRH in the past 12 months.

## On-going Initiatives

### Theme 1: Providing Quality Homes

<b>Objective</b>		
<b>Key Activity (KA)</b>	<b>Target</b>	
	<b>Performance Goal (PG)</b>	<b>Time Goal</b>
<b>Objective ( 2 )</b>		
<b>Maintaining a sustainable PRH stock through proactive improvement work programmes and a verification system</b>		
KA(5) To implement maintenance and improvement programmes (including regular preventive repairs) and upgrading works to enhance existing PRH stock and to meet the latest statutory requirements and other enhancement initiatives and to maintain enrolment to the Hong Kong Quality Assurance Agency (HKQAA) Sustainable Building Index (SBI) <sup>Note 3</sup> for existing PRH estates	PG06 To participate in the “Quality Water Supply Scheme for Buildings – Fresh Water (Management System)” of the Water Authority and maintain the certifications in 75 PRH estates	Q1/2021

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Note 3 SBI, launched by HKQAA in 2012, is a benchmarking scheme based on the United Nations Environmental Programme – “2009 Sustainable Buildings and Construction Initiative’s Financial and Sustainability Metrics Report”. It facilitates measuring and benchmarking of the sustainability performance of buildings.

## On-going Initiatives

### Theme 1: Providing Quality Homes

<b>Objective</b>		
<b>Key Activity (KA)</b>	<b>Target</b>	
	<b>Performance Goal (PG)</b>	<b>Time Goal</b>
<b>Objective ( 2 )</b>		
<b>Maintaining a sustainable PRH stock through proactive improvement work programmes and a verification system</b>		
<i>Key Activity (KA)</i>	<i>Performance Goal (PG)</i>	<i>Time Goal</i>
KA(5) (Cont'd)	PG07 To continue in-flat inspection and repair programme under Total Maintenance Scheme in 31 estates including implementation of Mandatory Window Inspection Scheme in four estates	On-going
	PG08 To implement the Comprehensive Structural Investigation Programme for aged PRH estates continuously	On-going
	PG09 To complete the replacement of 69 old lifts under Lift Modernisation Programme	Q1/2021
	PG10 To complete plan submissions under Fire Safety (Buildings) Ordinance for 94 blocks of PRH estates	Q1/2021

## On-going Initiatives

### Theme 1: Providing Quality Homes

<b>Objective</b>		
<b>Key Activity (KA)</b>	<b>Target</b>	
	<b>Performance Goal (PG)</b>	<b>Time Goal</b>
<b>Objective ( 2 )</b> <b>Maintaining a sustainable PRH stock through proactive improvement work programmes and a verification system</b>		
KA(5) (Cont'd)	PG11 To continue the implementation of Responsive In-flat Maintenance Services in all PRH estates	On-going
	PG12 To maintain enrolment to the HKQAA SBI and the upkeep of the HKQAA SBI Verified Mark for ten PRH estates	On-going

## On-going Initiatives

### Theme 1: Providing Quality Homes

<b>Objective</b>		
<b>Key Activity (KA)</b>	<b>Target</b>	
	<b>Performance Goal (PG)</b>	<b>Time Goal</b>
<b>Objective ( 3 )</b>		
<b>Improving the environmental standards of PRH estates</b>		
KA(6) To enhance environmental protection through the acquisition of ISO 50001 <sup>Note 4</sup> certification for Energy Management System (EnMS) and ISO 14001 <sup>Note 5</sup> certification for the Environmental Management System (EMS), as well as the implementation of various energy saving initiatives in PRH estates	PG13 To maintain ISO 50001 certification for EnMS in communal area of all PRH domestic blocks	On-going
	PG14 To maintain ISO 14001 certificate for the EMS in PRH estates	On-going
	PG15 To continue carbon emission monitoring and review of efficiency through the Carbon Audit exercise in the 14 typical domestic block types	On-going

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Note 4 ISO 50001 is an international standard which aims to enable organisations to establish an energy management system and process to improve energy performance (including energy efficiency, use and consumption) which would lead to reduction of green-house gas emissions.

Note 5 ISO 14001 is an international standard which specifies the requirements for an environmental management system to enable an organisation to identify its environmental policy and objectives, to manage the risk of environmental impact from its activities and to improve its environmental performance continually.

## On-going Initiatives

### Theme 1: Providing Quality Homes

<b>Objective</b>		
<b>Key Activity (KA)</b>	<b>Target</b>	
	<b>Performance Goal (PG)</b>	<b>Time Goal</b>
<b>Objective ( 4 )</b>		
<b>Enhancing safety and health practices for planned maintenance and improvement works</b>		
KA(7) To maintain a structured Occupational Health and Safety Management System (OHSMS) of planned maintenance and improvement works	PG16 To continue the implementation of ISO 45001 OHSMS, which has been successfully migrated from the Occupational Health and Safety Assessment Series 18001 OHSMS, for planned maintenance and improvement works	On-going

## On-going Initiatives

### Theme 2: Promoting Sustainable Living

<b>Objective</b>		
<b>Key Activity (KA)</b>	<b>Target</b>	
	<b>Performance Goal (PG)</b>	<b>Time Goal</b>
<b>Objective ( 5 )</b>		
<b>Maintaining estate cleanliness and environmental hygiene for healthy and harmonious living</b>		
KA(8) To continue implementing the Marking Scheme for Estate Management Enforcement (Marking Scheme) and strengthen the prevention and control of pest in PRH Estates	PG17 To step up publicity on the Marking Scheme and intensify enforcement actions against misdeeds continuously	On-going
	PG18 To carry out the prevention and control of pest, including collaboration with the Government's territory-wide cleaning work continuously	On-going
KA(9) To continue raising the awareness of PRH tenants on the Government's proposed Municipal Solid Waste (MSW) Charging Scheme	PG19 To continue the promotion of PRH tenants' awareness of proper waste disposal under the proposed MSW Charging Scheme through Estate Management Advisory Committee (EMAC), estate newsletters and partnering functions, etc. in PRH estates	On-going
	PG20 To collaborate with the Environment Bureau/ Environmental Protection Department for stepping up publicity through posters, partnering functions, trials, etc.	Q1/2021

## On-going Initiatives

### Theme 2: Promoting Sustainable Living

<b>Objective</b>		
<b>Key Activity (KA)</b>	<b>Target</b>	
	<b>Performance Goal (PG)</b>	<b>Time Goal</b>
<b>Objective ( 6 )</b>		
<b>Enhancing community bonding and attending to tenants’ needs</b>		
KA(10) To foster engagement and building of the community while caring for the tenants’ needs through the partnering functions of EMACs with non-governmental organisations (NGOs), as well as various forms of assistance and housing schemes	PG21 To continue the enhanced partnering arrangements between EMACs and NGOs to promote neighbourliness in PRH estates	On-going
	PG22 To facilitate NGOs to deliver caring and outreaching services to elderly tenants continuously	On-going
	PG23 To help tenants facing temporary financial hardship through the Rent Assistance Scheme continuously	On-going
	PG24 To enhance family cohesion through Harmonious Families (HF) Policies, including HF Priority Transfer, Addition and Amalgamation Schemes continuously	On-going

## On-going Initiatives

### Theme 2: Promoting Sustainable Living

<b>Objective</b>		
<b>Key Activity (KA)</b>	<b>Target</b>	
	<b>Performance Goal (PG)</b>	<b>Time Goal</b>
<b>Objective ( 7 )</b>		
<b>Promoting greening in existing PRH estates</b>		
KA(11) To enhance tree management and implement landscape improvement programmes	PG25 To cultivate green concept among tenants by holding greening activities for their involvement and participation in 20 estates	Q1/2021
	PG26 To enhance greening in 20 estates	Q1/2021
	PG27 To organise tree planting days in ten estates	Q1/2021
	PG28 To continue conducting annual tree assessment through computerised Enterprise Tree Management System, maintain a database for effective tree management and organise refresher/training courses for Estate Tree Ambassadors	On-going

### On-going Initiatives

#### **Theme 3: Optimising and Rationalising the Use of Public Resources**

<b>Objective</b>		
<b>Key Activity (KA)</b>	<b>Target</b>	
	<b>Performance Goal (PG)</b>	<b>Time Goal</b>
<b>Objective ( 8 )</b>		
<b>Optimising and rationalising the use of PRH resources</b>		
KA(12) To provide opportunities for transfer of sitting tenants through various transfer exercises	PG29 To continuously conduct the Territory-wide Overcrowding Relief Exercise and Living Space Improvement Transfer Scheme together to improve the living condition of sitting tenants	On-going
KA(13) To incentivise under-occupied all elderly PRH households to transfer to right-sized flats	PG30 To implement a scheme to incentivise under-occupied all elderly PRH households to transfer to right-sized flats	Q1/2021

## On-going Initiatives

### Theme 3: Optimising and Rationalising the Use of Public Resources

<b>Objective</b>		
<b>Key Activity (KA)</b>	<b>Target</b>	
	<b>Performance Goal (PG)</b>	<b>Time Goal</b>
<b>Objective ( 8 )</b>		
<b>Optimising and rationalising the use of PRH resources</b>		
KA(14) To strengthen tenancy management and prevent abuse of public housing resources through income and assets declarations by PRH tenants, occupancy-related inspections by estate staff, as well as risk-based intensive investigation and overall monitoring by a central team	PG31 To vet income and assets declarations under the Well-off Tenants Policies involving some 250 000 tenancies	Q1/2021
	PG32 To step up income and assets checks by the dedicated central team on some 6 000 suspected and randomly selected cases annually	Q1/2021
	PG33 To detect tenancy abuse through biennial inspection of flats and investigate rigorously into some 6 600 randomly selected occupancy-related and suspected tenancy abuse cases	Q1/2021
	PG34 To launch publicity programmes and outreaching activities to enhance public awareness of the proper use of public housing resources and enlist their support to combat abuse of PRH continuously	On-going

**On-going Initiatives**

**Theme 3: Optimising and Rationalising the Use of Public Resources**

<b>Objective</b>		
<b>Key Activity (KA)</b>	<b>Target</b>	
	<b>Performance Goal (PG)</b>	<b>Time Goal</b>
<b>Objective (8)</b>		
<b>Optimising and rationalising the use of PRH resources</b>		
KA(15) To conduct the biennial PRH rent review	PG35 To complete the biennial PRH rent review exercise in 2020	Q3/2020

### On-going Initiatives

#### **Theme 3: Optimising and Rationalising the Use of Public Resources**

<b>Objective</b>		
<b>Key Activity (KA)</b>	<b>Target</b>	
	<b>Performance Goal (PG)</b>	<b>Time Goal</b>
<b>Objective (9)</b>		
<b>Optimising the use of SSF resources</b>		
KA(16) To allow eligible owners of HA's SSFs to join the Hong Kong Housing Society's (HKHS) enhanced "Letting Scheme for Subsidised Sale Developments with Premium Unpaid" (Letting Scheme) on a trial basis	PG36 To continuously allow eligible owners of HA's SSFs to join HKHS' enhanced Letting Scheme on a trial basis	On-going
KA(17) To allow eligible elderly owners participating in the "Flat for Flat Pilot Scheme for Elderly Owners" of HKHS to purchase a smaller SSF in HA's Secondary Market	PG37 To continuously allow eligible elderly owners participating in the "Flat for Flat Pilot Scheme for Elderly Owners" of HKHS to purchase a smaller SSF in HA's Secondary Market	On-going

### On-going Initiatives

#### **Theme 3: Optimising and Rationalising the Use of Public Resources**

<b>Objective</b>		
<b>Key Activity (KA)</b>	<b>Target</b>	
	<b>Performance Goal (PG)</b>	<b>Time Goal</b>
<b>Objective (10)</b>		
<b>Implementing e-services</b>		
KA(18) To implement e-services for submission of application for PRH and subsidised sale flats (SSFs) (including HOS, GSH and WSM) and explore possible enhancements	PG38 To implement e-services for submission of application for PRH	Q1/2020
	PG39 To continuously implement e-services for submission of application for SSFs (including HOS, GSH and WSM)	On-going
KA(19) To explore alternative e-payment methods for rent collection	PG40 To explore alternative e-payment methods for rent collection	Q1/2021

### III. KEY PERFORMANCE INDICATORS

6. To keep track of the progress in achieving our programme objectives and implementing KAs, we have developed KPIs to facilitate performance management. The details of the ten KPIs are tabled as follows –

Key Performance Indicator		Target for 2019/20	Position as at 30.9.2019	Target for 2020/21
(a)	Annual average cost per PRH unit (\$) <ul style="list-style-type: none"> <li>- Direct management cost</li> <li>- Maintenance cost</li> </ul>	6,250 5,070	6,058 <sup>Note 6</sup> 4,459 <sup>Note 7</sup>	6,620 <sup>Note 8</sup> 5,040 <sup>Note 9</sup>
(b)	AWT <sup>Note 10</sup> for PRH applications (years) <ul style="list-style-type: none"> <li>- General applicants</li> <li>- <i>Among which, elderly one-person applicants</i></li> </ul>	3 2	5.4 2.9	3 2
(c)	Percentage of overcrowded families (below 5.5m <sup>2</sup> per person) against total PRH families (%)	Below 0.55	0.57	Below 0.55
(d)	Vacancy rate (%)	Below 1.5	0.6	Below 1.5

Note 6 Direct management cost comprises direct personal emoluments for property management only and other recurrent expenditure incurred at estate level. The lower annualised year-to-date actual cost compared with the target was mainly due to lower spending on Estate Management Advisory Committee expenditure, personal emoluments, cleansing charges and property service company expenses.

Note 7 Maintenance cost comprises costs of maintenance works incurred at estate level and the costs allocated from indirect cost centres. The lower annualised year-to-date actual cost compared with the target was due to lower spending on re-roofing, slope maintenance and geotechnical works, and that the spending level was usually lower in the first half of the year when compared with the average for the whole year.

Note 8 The increase in the target for 2020/21 is mainly due to the assumed price level adjustment and top-up payment for service contracts on enhanced measures for protection of non-skilled workers.

Note 9 The minor decrease in the target for 2020/21 is mainly due to the lower estimation for total maintenance scheme and lift/escalator maintenance, and adjustment to vacant flat refurbishment, offset partly by assumed price level adjustment and increase in minor maintenance.

Note 10 While the latest AWT for general applicants exceeds three years, HA will continue to strive to achieve the target of providing the first flat offer to general applicants at around three years on average in the long run.

<b>Key Performance Indicator</b>		<b>Target for 2019/20</b>	<b>Position as at 30.9.2019</b>	<b>Target for 2020/21</b>
(e)	Average turnaround time for vacant flat refurbishment (days) - Normal circumstances - 'Accelerated Refurbishment-on-Demand' process	Not exceeding 44 34	39 32	Not exceeding 44 34
(f)	Average void period <sup>Note 11</sup> of both new and recycled units (covering both letting and refurbishment periods (weeks))	Not exceeding 10	6.1	Not exceeding 10
(g)	Quantity of items collected for recycling (tonnes) - Waste paper - Aluminum cans - Plastic bottles	Not less than 26 500 1 350 1 750	15 594 1 117 1 135	Not less than 27 000 1 400 1 800
(h)	Rent arrears rate (%)	Below 3.0	1.49	Below 3.0
(i)	PRH units recovered for re-allocation (flats)	7 000	4 739	7 500
(j)	Holding of bi-monthly EMAC meetings (number of meetings)	940	485	950

#### **IV. RISK MANAGEMENT**

7. The PG for AWT is identified as one of the risk areas. The AWT for general applicants as at end-September 2019 was 5.4 years, departing from the target of around three years on average. Despite the best efforts of the Government and HA in boosting public housing supply in recent years, the increase in PRH supply is unlikely to be able to completely absorb the accumulated demand for PRH in the coming few years. If PRH units remain in short supply, there is still pressure for the AWT to further increase.

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Note 11 The duration of void period refers to the time taken to arrange for the successful allocation of a new or recycled flat, including time taken due to refusal of flat offers by applicants during the period. For recycled flats, the duration counts from the time when a housing offer is first made to an applicant until the time when the flat is finally accepted. For new flats, since occupation permit of a new estate is not yet available at the time of advance allocation, the duration counts from the time when the relevant estate management office notifies the applicant for flat intake until the flat is finally accepted.

8. Identifying land to increase PRH supply is the fundamental way to shorten the AWT. On the supply side, HA will continue to work closely with relevant government departments to identify sites for PRH development, and endeavor to increase and expedite public housing production through different measures. On the demand side, HA will continue to review the relevant policies and measures from time to time to better utilise PRH resources and focus the allocation of limited PRH resources on those with more pressing housing needs.

9. The risks for other PGs are considered to be low or moderate, corresponding measures will be devised to minimise the impact when the risks emerge.

## **V. BUDGETS AND FINANCIAL FORECASTS**

### **Rental Housing Operating Account**

-----  
10. The 2019/20 Revised Budget, 2020/21 Proposed Budget and 2021/22 to 2023/24 Financial Forecasts are shown in **Appendices A1, A2 and A3**.

#### 2019/20 Revised Budget

11. The operating surplus in the 2019/20 Revised Budget as shown in **Appendix A1** is projected at \$140M, which is higher than the 2019/20 Approved Budget surplus of \$29M.

12. The total income of \$17,335M in the 2019/20 Revised Budget is lower than the 2019/20 Approved Budget of \$20,033M by \$2,698M or 13.5%. This is mainly attributable to the unbudgeted rates concession by the Government from April 2019 to March 2020 passed on to tenants on a no-loss-no-gain basis. The total expenditure of \$17,195M in the 2019/20 Revised Budget is lower than the 2019/20 Approved Budget of \$20,004M by \$2,809M or 14.0%. This is mainly attributable to the unbudgeted rates concession for the period mentioned above, and the lower expenditure on maintenance and improvements.

2020/21 Proposed Budget

13. The operating results in the 2020/21 Proposed Budget as shown in **Appendix A1** are projected at a deficit of \$703M compared to a \$140M surplus in the 2019/20 Revised Budget.

14. The total income of \$20,108M in the 2020/21 Proposed Budget is higher than the 2019/20 Revised Budget of \$17,335M by \$2,773M or 16.0%. This is mainly attributable to the assumption of no rates concession by the Government in 2020/21 and addition of new rental flats, while no rent adjustment is assumed. The total expenditure of \$20,811M in the 2020/21 Proposed Budget is higher than the 2019/20 Revised Budget of \$17,195M by \$3,616M or 21.0%. This is mainly attributable to the assumption of no rates concession by the Government in 2020/21, projected increase in various expenditure items as a result of the increase in rental flats and assumed price level adjustment.

2021/22 to 2023/24 Financial Forecasts

15. As shown in **Appendix A2**, for the three-year forecast period from 2021/22 to 2023/24, the operating results are projected at a deficit of \$1,312M, \$2,068M and \$2,977M respectively. This is mainly due to the projected increase in various expenditure items as a result of the increase in rental flats and assumed price level adjustment, while no rent adjustment is assumed.

Capital Expenditure

16. Budgeted capital expenditure on improvement works and computer and equipment for the five-year period from 2019/20 to 2023/24 is provided at **Appendix A3**.

**Home Ownership Assistance Operating Account**

----- 17. The 2019/20 Revised Budget, 2020/21 Proposed Budget and 2021/22 to 2023/24 Financial Forecasts are shown in **Appendices B1, B2** and **B3**.

2019/20 Revised Budget

18. The operating surplus in the 2019/20 Revised Budget as shown in **Appendix B1** is projected at \$10,947M, which is higher than the 2019/20 Approved Budget of \$9,409M by \$1,538M or 16.3%.

19. The total income of \$22,074M in the 2019/20 Revised Budget is higher than the 2019/20 Approved Budget of \$20,773M by \$1,301M or 6.3%. This is mainly attributable to the change in timing of revenue recognition for sale of one HOS project following the latest accounting standard <sup>Note 12</sup>. The total expenditure of \$11,127M in the 2019/20 Revised Budget is lower than the 2019/20 Approved Budget of \$11,364M by \$237M or 2.1%. This is mainly attributable to construction cost adjustment.

#### 2020/21 Proposed Budget

20. The operating surplus in the 2020/21 Proposed Budget as shown in **Appendix B1** is projected at \$10,357M, which is lower than the 2019/20 Revised Budget of \$10,947M by \$590M or 5.4%.

21. The total income of \$21,856M in the 2020/21 Proposed Budget is lower than the 2019/20 Revised Budget of \$22,074M by \$218M or 1.0%. This is mainly attributable to comparatively less number of sale completion of SSFs in the year. The total expenditure of \$11,499M in the 2020/21 Proposed Budget is higher than the 2019/20 Revised Budget of \$11,127M by \$372M or 3.3%. This is mainly attributable to higher construction costs and land costs in the year.

#### 2021/22 to 2023/24 Financial Forecasts

22. As shown in **Appendix B2**, for the three-year forecast period from 2021/22 to 2023/24, the operating surplus is projected at \$4,714M, \$9,661M and \$6,405M respectively. The changes are mainly due to the variation in number of sale completion of SSFs in the respective years.

#### Capital Expenditure

23. Budgeted capital expenditure on computer and equipment and improvement works for the five-year period from 2019/20 to 2023/24 is provided at **Appendix B3**.

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Note 12 Following the latest accounting standard “Hong Kong Financial Reporting Standard 15 Revenue from Contracts with Customers” under which revenue is recognised when a customer obtains control of a promised good or service, revenue from sale of HOS/GSH flats is recognised when the customer obtains control of the flat (i.e. upon signing of deed of assignment). According to the superseded accounting standard, the revenue from sale of HOS/GSH flats is recognised when significant risks and rewards of ownership of the flat are passed to the customer (i.e. upon signing of sale and purchase agreement or issuance of occupation permit, whichever is the later). Accordingly, the revenue from sale of Choi Hing Court was recognised in April to June 2019 (2019/20) instead of March 2019 (2018/19).

## Appendix A1

### HONG KONG HOUSING AUTHORITY Rental Housing Operating Account 2019/20 Revised Budget, 2020/21 Proposed Budget

	Actual	Approved	Revised	Proposed	Increase/(Decrease) of		Increase/(Decrease) of	
	2018/19	2019/20	2019/20	2020/21	2019/20 Revised Budget over 2019/20 Approved Budget		2020/21 Proposed Budget over 2019/20 Revised Budget	
	\$M	\$M	\$M	\$M	\$M	%	\$M	%
<b>INCOME</b>								
Rental	16,349	19,995	17,283	20,062	(2,712)	(13.6)	2,779	16.1
Other Income	65	38	52	46	14	36.8	(6)	(11.5)
<b>TOTAL INCOME</b>	<b>16,414</b>	<b>20,033</b>	<b>17,335</b>	<b>20,108</b>	<b>(2,698)</b>	<b>(13.5)</b>	<b>2,773</b>	<b>16.0</b>
<b>EXPENDITURE</b>								
Personal Emoluments	3,200	3,587	3,515	3,771	(72)	(2.0)	256	7.3
Government Rent and Rates	176	2,659	199	2,836	(2,460)	(92.5)	2,637	1,325.1
Maintenance and Improvements	3,514	4,076	3,899	4,053	(177)	(4.3)	154	3.9
Other Recurrent Expenditure	4,506	4,957	4,976	5,336	19	0.4	360	7.2
Depreciation and Amortisation	4,038	4,476	4,360	4,567	(116)	(2.6)	207	4.7
Share of Corporate Supervision and Support Services Expenses	217	249	246	248	(3)	(1.2)	2	0.8
<b>TOTAL EXPENDITURE</b>	<b>15,651</b>	<b>20,004</b>	<b>17,195</b>	<b>20,811</b>	<b>(2,809)</b>	<b>(14.0)</b>	<b>3,616</b>	<b>21.0</b>
<b>OPERATING SURPLUS/(DEFICIT)</b>	<b>763</b>	<b>29</b>	<b>140</b>	<b>(703)</b>	<b>111</b>	<b>382.8</b>	<b>(843)</b>	<b>(602.1)</b>

**HONG KONG HOUSING AUTHORITY**  
**Rental Housing Operating Account**  
**2019/20 Revised Budget, 2020/21 Proposed Budget and 2021/22 - 2023/24 Forecasts**

	Actual 2018/19 \$M	Approved Budget 2019/20 \$M	Revised Budget 2019/20 \$M	Proposed Budget 2020/21 \$M	Forecast 2021/22 \$M	Forecast 2022/23 \$M	Forecast 2023/24 \$M
<b>INCOME</b>							
Rental	16,349	19,995	17,283	20,062	20,205	20,398	20,577
Other Income	65	38	52	46	46	46	46
<b>TOTAL INCOME</b>	<u>16,414</u>	<u>20,033</u>	<u>17,335</u>	<u>20,108</u>	<u>20,251</u>	<u>20,444</u>	<u>20,623</u>
<b>EXPENDITURE</b>							
Personal Emoluments	3,200	3,587	3,515	3,771	3,986	4,195	4,403
Government Rent and Rates	176	2,659	199	2,836	2,848	2,863	2,875
Maintenance and Improvements	3,514	4,076	3,899	4,053	4,231	4,539	4,957
Other Recurrent Expenditure	4,506	4,957	4,976	5,336	5,475	5,657	5,875
Depreciation and Amortisation	4,038	4,476	4,360	4,567	4,760	4,988	5,209
Share of Corporate Supervision and Support Services Expenses	217	249	246	248	263	270	281
<b>TOTAL EXPENDITURE</b>	<u>15,651</u>	<u>20,004</u>	<u>17,195</u>	<u>20,811</u>	<u>21,563</u>	<u>22,512</u>	<u>23,600</u>
<b>OPERATING SURPLUS/(DEFICIT)</b>	<u>763</u>	<u>29</u>	<u>140</u>	<u>(703)</u>	<u>(1,312)</u>	<u>(2,068)</u>	<u>(2,977)</u>

**HONG KONG HOUSING AUTHORITY**  
**Rental Housing Operating Account**  
**Capital Expenditure**  
**2019/20 Revised Budget, 2020/21 Proposed Budget and 2021/22 - 2023/24 Forecasts**

	Actual 2018/19 \$M	Approved Budget 2019/20 \$M	Revised Budget 2019/20 \$M	Proposed Budget 2020/21 \$M	Forecast 2021/22 \$M	Forecast 2022/23 \$M	Forecast 2023/24 \$M
Improvement Works	492	821	565	423	381	401	385
Computer and Equipment	<u>41</u>	<u>110</u>	<u>94</u>	<u>124</u>	<u>115</u>	<u>50</u>	<u>38</u>
<b>TOTAL</b>	<b><u>533</u></b>	<b><u>931</u></b>	<b><u>659</u></b>	<b><u>547</u></b>	<b><u>496</u></b>	<b><u>451</u></b>	<b><u>423</u></b>

**HONG KONG HOUSING AUTHORITY**  
**Home Ownership Assistance Operating Account**  
**2019/20 Revised Budget and 2020/21 Proposed Budget**

	Actual	Approved	Revised	Proposed	Increase/(Decrease) of		Increase/(Decrease) of	
	2018/19	Budget	Budget	Budget	2019/20 Revised Budget		2020/21 Proposed Budget	
	\$M	2019/20	2019/20	2020/21	over 2019/20	Approved Budget	over 2019/20	Revised Budget
		\$M	\$M	\$M	\$M	%	\$M	%
<b>INCOME</b>								
Sales -								
Home Ownership Scheme (HOS)/ Green Form Subsidised Home Ownership Scheme (GSH)	6,987	17,376	19,303	18,958	1,927	11.1	(345)	(1.8)
Tenants Purchase Scheme (TPS)	1,404	1,630	1,272	1,353	(358)	(22.0)	81	6.4
Repurchased Flats	37	27	35	36	8	29.6	1	2.9
Alienation Premium	1,266	1,637	1,326	1,366	(311)	(19.0)	40	3.0
Other Income	105	103	138	143	35	34.0	5	3.6
<b>TOTAL INCOME</b>	<b>9,799</b>	<b>20,773</b>	<b>22,074</b>	<b>21,856</b>	<b>1,301</b>	<b>6.3</b>	<b>(218)</b>	<b>(1.0)</b>
<b>EXPENDITURE</b>								
Recurrent Expenditure								
Personal Emoluments	422	458	457	511	(1)	(0.2)	54	11.8
Maintenance and Improvements	30	19	18	32	(1)	(5.3)	14	77.8
Other Recurrent Expenditure	67	88	84	90	(4)	(4.5)	6	7.1
Depreciation and Amortisation	26	38	41	33	3	7.9	(8)	(19.5)
Share of Corporate Supervision and Support Services Expenses	34	37	38	38	1	2.7	-	-
Sub-total	579	640	638	704	(2)	(0.3)	66	10.3
Subsidised Sale Flats Expenditure								
Construction Cost and Overheads	4,605	7,841	7,682	7,900	(159)	(2.0)	218	2.8
Land Cost	1,667	2,811	2,741	2,821	(70)	(2.5)	80	2.9
Cost of Repurchased Flats sold	4	4	6	6	2	50.0	-	-
Other Expenditure	14	68	60	68	(8)	(11.8)	8	13.3
Sub-total	6,290	10,724	10,489	10,795	(235)	(2.2)	306	2.9
<b>TOTAL EXPENDITURE</b>	<b>6,869</b>	<b>11,364</b>	<b>11,127</b>	<b>11,499</b>	<b>(237)</b>	<b>(2.1)</b>	<b>372</b>	<b>3.3</b>
<b>OPERATING SURPLUS BEFORE EXCEPTIONAL ITEMS</b>	<b>2,930</b>	<b>9,409</b>	<b>10,947</b>	<b>10,357</b>	<b>1,538</b>	<b>16.3</b>	<b>(590)</b>	<b>(5.4)</b>
Less: Exceptional Items								
- Accounting provision / adjustment	2	-	-	-	-	-	-	-
<b>OPERATING SURPLUS AFTER EXCEPTIONAL ITEMS</b>	<b>2,928</b>	<b>9,409</b>	<b>10,947</b>	<b>10,357</b>	<b>1,538</b>	<b>16.3</b>	<b>(590)</b>	<b>(5.4)</b>

**HONG KONG HOUSING AUTHORITY**  
**Home Ownership Assistance Operating Account**  
**2019/20 Revised Budget, 2020/21 Proposed Budget and 2021/22 - 2023/24 Forecasts**

	Actual 2018/19 \$M	Approved Budget 2019/20 \$M	Revised Budget 2019/20 \$M	Proposed Budget 2020/21 \$M	Forecast 2021/22 \$M	Forecast 2022/23 \$M	Forecast 2023/24 \$M
<b>INCOME</b>							
Sales -							
Home Ownership Scheme (HOS)/ Green Form Subsidised Home Ownership Scheme (GSH)	6,987	17,376	19,303	18,958	6,185	15,006	9,449
Tenants Purchase Scheme (TPS)	1,404	1,630	1,272	1,353	1,912	1,960	2,009
Repurchased Flats	37	27	35	36	36	37	38
Alienation Premium	1,266	1,637	1,326	1,366	1,409	1,446	1,489
Other Income	105	103	138	143	140	139	138
<b>TOTAL INCOME</b>	<b>9,799</b>	<b>20,773</b>	<b>22,074</b>	<b>21,856</b>	<b>9,682</b>	<b>18,588</b>	<b>13,123</b>
<b>EXPENDITURE</b>							
Recurrent Expenditure							
Personal Emoluments	422	458	457	511	533	561	588
Maintenance and Improvements	30	19	18	32	20	17	19
Other Recurrent Expenditure	67	88	84	90	83	81	84
Depreciation and Amortisation	26	38	41	33	31	35	38
Share of Corporate Supervision and Support Services Expenses	34	37	38	38	40	40	43
<b>Sub-total</b>	<b>579</b>	<b>640</b>	<b>638</b>	<b>704</b>	<b>707</b>	<b>734</b>	<b>772</b>
Subsidised Sale Flats Expenditure							
Construction Cost and Overheads	4,605	7,841	7,682	7,900	3,055	5,958	4,288
Land Cost	1,667	2,811	2,741	2,821	1,147	2,165	1,583
Cost of Repurchased Flats sold	4	4	6	6	6	6	6
Other Expenditure	14	68	60	68	53	64	69
<b>Sub-total</b>	<b>6,290</b>	<b>10,724</b>	<b>10,489</b>	<b>10,795</b>	<b>4,261</b>	<b>8,193</b>	<b>5,946</b>
<b>TOTAL EXPENDITURE</b>	<b>6,869</b>	<b>11,364</b>	<b>11,127</b>	<b>11,499</b>	<b>4,968</b>	<b>8,927</b>	<b>6,718</b>
<b>OPERATING SURPLUS BEFORE EXCEPTIONAL ITEMS</b>	<b>2,930</b>	<b>9,409</b>	<b>10,947</b>	<b>10,357</b>	<b>4,714</b>	<b>9,661</b>	<b>6,405</b>
Less: Exceptional Items							
- Accounting provision / adjustment	2	-	-	-	-	-	-
<b>OPERATING SURPLUS AFTER EXCEPTIONAL ITEMS</b>	<b>2,928</b>	<b>9,409</b>	<b>10,947</b>	<b>10,357</b>	<b>4,714</b>	<b>9,661</b>	<b>6,405</b>

**HONG KONG HOUSING AUTHORITY**  
**Home Ownership Assistance Operating Account**  
**Capital Expenditure**

**2019/20 Revised Budget, 2020/21 Proposed Budget and 2021/22 - 2023/24 Forecasts**

	Actual 2018/19	Approved Budget 2019/20	Revised Budget 2019/20	Proposed Budget 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24
	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Computer and Equipment	10	8	9	21	20	7	6
Improvement Works	-	3	-	3	-	-	-
<b>TOTAL</b>	<u>10</u>	<u>11</u>	<u>9</u>	<u>24</u>	<u>20</u>	<u>7</u>	<u>6</u>

**Memorandum for the Commercial Properties Committee of  
the Hong Kong Housing Authority**

**2020/21 Programme of Activities for Commercial Properties**

**PURPOSE**

We need to seek Members' endorsement for the 2020/21 Programme of Activities for Commercial Properties (PoA).

**RECOMMENDATION**

----- 2. Members are invited to *endorse* the 2020/21 PoA as detailed at the **Annex** and the declassification of this paper upon Housing Authority (HA)'s endorsement of the 2020/21 Corporate Plan as proposed in **paragraph 9**. Subject to Members' endorsement, the PoA will be incorporated into the 2020/21 Corporate Plan for subsequent endorsement by HA in January 2020.

**BACKGROUND**

3. In line with the Strategic Plan for 2020/21 approved in October 2019 (Paper No. SPC 33/2019), we solicited HA and Commercial Properties Committee (CPC) Members' views on the 2020/21 PoA in the two respective discussion sessions held in November 2019.

4. We have adopted a thematic approach and grouped the key activities into new and on-going initiatives under different objectives to facilitate Members' consideration. For 2020/21, we will continue to build on the existing four themes with the following highlights –

- (a) Providing quality homes;
- (b) Promoting sustainable living;
- (c) Optimising and rationalising the use of public resources; and

- (d) Enhancing the attractiveness of commercial properties.

This paper formulates the 2020/21 PoA for HA's commercial properties under the management of the Estate Management Division for the theme of 'enhancing the attractiveness of commercial properties'.

## **REVIEW OF PERFORMANCE OF 2019/20 PROGRAMME OF ACTIVITIES**

5. The mid-year performance of the 2019/20 PoA was reviewed with a detailed report (Paper No. CPC 28/2019) submitted to Members in November 2019.

## **2020/21 PROGRAMME OF ACTIVITIES**

6. The 2020/21 PoA has been drawn up at the Annex to take forth the themes and direction of the HA Strategic Plan. Having regard to the business performance in 2019/20 as well as the assessment of business environment and risk, the strategies for 2020/21 focused on four key activities under three objectives. The 2019/20 revised budget, 2020/21 proposed budget and financial forecasts for 2021/22 to 2023/24 are incorporated in the PoA.

## **FINANCIAL, STAFFING AND INFORMATION TECHNOLOGY (IT) IMPLICATIONS**

7. The financial performance is set out in paragraphs 15 to 21 of the Annex. There are no staffing and IT implications.

## **PUBLIC REACTION / PUBLICITY**

8. No publicity will be arranged for this paper. Only 2020/21 Corporate Plan will be publicised after HA's endorsement in January 2020.

## DECLASSIFICATION

9. We *propose* that this paper be declassified upon HA's endorsement of the 2020/21 Corporate Plan in January 2020. After declassification, the paper will be made available to the public at the HA homepage, the Department's library and through the Departmental Access to Information Officer.

## PRESUMPTION

10. It is not thought that Members will object to the proposals in paragraph 2 above. If no objection or request for discussion is received by the Committees' Secretary **by noon on 27 December 2019**, Members' approval will be presumed and appropriate action will be taken accordingly.

Ms Michelle LAU  
Secretary, Commercial Properties Committee  
Tel. No. : 2761 7928  
Fax No. : 2761 0019

File Ref. : HD3-8/CPGR/1-55/4C  
( Estate Management Division )  
Date of Issue : 18 December 2019

**PROGRAMME OF ACTIVITIES  
FOR  
COMMERCIAL PROPERTIES  
2020/21**

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## I. INTRODUCTION

This Programme of Activities (PoA) presents the theme, objectives and key activities (KAs) formulated for Commercial Properties for 2020/21, together with the associated budgets and financial projections.

2. We have reviewed the mid-year performance of the 2019/20 PoA (Paper No. CPC 28/2019). All of the four KAs were on-going, whereas the targets of the key performance indicators (KPIs) were generally achieved except for the vacancy rate of factory premises. We have frozen the letting of vacant factory units pending studies for improvement works to meet the new requirements upon enactment of the Fire Safety (Industrial Buildings) Bill. As a result, the vacancy rate of factory premises has slightly exceeded the target of the KPI. The mid-year performance of the KPIs for 2019/20 and the proposed targets of the KPIs for 2020/21 are detailed in paragraph 10.

3. In line with the statutory objectives and functions of Housing Authority (HA), the following four themes are derived in HA's 2020/21 Corporate Plan (CP) –

- (a) Providing quality homes;
- (b) Promoting sustainable living;
- (c) Optimising and rationalising the use of public resources; and
- (d) Enhancing the attractiveness of commercial properties.

Our direction of work and efforts will continue to focus mainly on the theme of enhancing the attractiveness of commercial properties in 2020/21.

4. As at September 2019, the commercial properties under the management of the Estate Management Division comprise about 257 800 square metres of retail floor space and some 31 600 carparking spaces as well as 2 832 200 square metres of factory, welfare and miscellaneous premises <sup>Note 1</sup> as indicated at **Appendix A**.

5. At the Discussion Session held on 25 November 2019, Members were of the view that Domain, as HA's regional shopping mall, should continue to enhance and improve its facilities such as lighting and decoration. Members also showed appreciation to the Department's efforts in converting vacant

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**Note 1** Including around 1 300 000 square metres of school areas within estate boundaries.

bays/storerooms to domestic and other uses and the creation of additional parking spaces in some estates. Regarding the leasing of welfare premises in HA's properties, HA has been working in collaboration with the Social Welfare Department to provide premises for suitable welfare facilities in new public housing developments during planning stage. Subject to demand and feasibility, we have also been converting vacant non-domestic premises such as storerooms to welfare use in existing estates. According to established arrangements, nominal rent is charged for Government-funded premises and concessionary rent is charged for HA's premises for welfare facilities. We will continue our work in these respects.

6. Members also suggested that more electric vehicle (EV) charging facilities should be provided in HA's carparks to support Government's policy to promote the wider use of EVs for environmental protection. We have been providing EV chargers in the carparks of new and existing public housing developments. As at September 2019, we have provided a total of around 900 EV chargers in our carparks. Recently, we have also conducted a study for the provision of additional medium chargers at hourly parking spaces in HA's existing carparks. We will arrange for the installation in phases, keep in view their usage and consider to install more medium chargers gradually according to the need. For carparks in new public housing developments, we will continue to provide EV chargers in accordance with the latest requirements under the Hong Kong Planning Standards and Guidelines.

7. For HA's factory estates, Members noted that we would conduct studies for necessary fire safety improvement works to meet the requirements of the new legislation. Members also welcomed our plan to explore the feasibility of redeveloping individual HA's factory estate sites for public housing use, where feasible and under appropriate conditions and arrangements. We will kick start preliminary assessments progressively in end 2019 as appropriate.

8. Having incorporated Members' comments and general views mentioned above and with a view to realising the vision, mission, core values, themes and corporate strategic objectives of HA for 2020/21, three objectives for commercial properties are formulated as follows –

- (1) Enhancing the potential and business environment of HA's commercial properties;
- (2) Enhancing the business potential of HA's commercial facilities and providing services to meet the needs of public housing tenants and local community; and

- (3) Promoting environmental protection initiatives in HA’s commercial facilities.

## II. KEY ACTIVITIES

9. In 2020/21, we plan to roll out the following key activities to take forward the main work directions and themes of HA as well as our business objectives –

### Theme : Enhancing the Attractiveness of Commercial Properties

Key Activity (KA)	Performance Goal (PG)	Time Goal
<b>Objective (1)</b> <b>Enhancing the potential and business environment of HA’s commercial properties</b>		
<b>KA (1)</b> To continue reviewing the five-year rolling programme for asset enhancement, identifying new enhancement opportunities and carrying out feasibility studies and improvement works according to the priority set, and explore opportunities for better use of resources	PG01 To conduct feasibility studies and Strengths-Weaknesses-Opportunities-Threats analyses for HA’s commercial portfolio, and identify, prioritise and implement asset enhancement opportunities	On-going
	PG02 To monitor the progress of improvement works for the facilities earmarked under the five-year rolling programme	On-going
	PG03 To review the effectiveness of completed asset enhancement projects by making reference to their revenue contribution	On-going

<b>Key Activity (KA)</b>	<b>Performance Goal (PG)</b>	<b>Time Goal</b>
	<p>PG04 To implement various measures to maximise the usage of carparking facilities, and continue seeking opportunities to create additional parking spaces to meet increasing parking demand</p> <p>PG05 To continue exploring ways to better use non-domestic premises, including conversion to domestic or other uses</p> <p>PG06 To conduct studies on necessary fire safety improvement works for factory estates and explore the feasibility of using individual factory estate sites for public housing developments, and kick start preliminary assessments progressively in end 2019 as appropriate</p>	<p>On-going</p> <p>On-going</p> <p>On-going</p>
<p><b>Objective (2)</b>  <b>Enhancing the business potential of HA's commercial facilities and providing services to meet the needs of public housing tenants and local community</b></p>		
<p><b>KA (2)</b>            To enhance the leasing and promotion strategies for HA's new and existing retail facilities</p>	<p>PG07 To adopt a flexible marketing and leasing strategy for new retail facilities before intake of domestic units to meet residents' needs</p>	<p>On-going</p>

Key Activity (KA)	Performance Goal (PG)	Time Goal
	PG08 To arrange balanced and diversified trade mix and service provision in line with market trend and explore new avenues to provide more shopping choices and attract patronage	On-going
	PG09 To enhance the provision of Wi-Fi service in HA's major shopping centres in line with the market trend	On-going
	PG10 To enhance shopping ambience and attract footfall by launching regular promotional activities and seasonal decorations during major festivals and special days in HA's major retail facilities	On-going
	PG11 To continue providing free venues to non-governmental organisations (NGOs), Government departments and institutions for holding community events and launching activities/programmes for charity, civic, cultural and environmental protection purposes	On-going
	PG12 To explore alternative payment methods for rent and charges by our tenants	On-going

<b>Key Activity (KA)</b>	<b>Performance Goal (PG)</b>	<b>Time Goal</b>
<p><b>KA (3)</b> To maintain Domain's market positioning and competitiveness as a regional shopping mall, and provide visitors and customers with memorable shopping experience and lifestyle pleasure</p>	<p>PG13 To adopt strategic planning in renewing tenancies with tenants, with a view to enhancing tenants' profile and trade mix</p>	<p>On-going</p>
	<p>PG14 To enhance trade mix and provide more choices of products and services to visitors and customers by setting up pop-up stores, mobile kiosks, road shows and trade fairs, etc, and to strengthen customer loyalty and encourage repeated visits</p>	<p>On-going</p>
	<p>PG15 To launch tailor-made promotion activities and dynamic events targeting young families and youngsters to enhance Domain's attractiveness and competitiveness</p>	<p>On-going</p>
	<p>PG16 To line up with and sponsor venues for mass media, renowned brands, Government departments, NGOs, charitable organisations and institutions, etc. for holding entertaining and community events</p>	<p>On-going</p>
	<p>PG17 To enhance facilities management for Domain to provide quality services to our tenants and customers</p>	<p>On-going</p>

Key Activity (KA)	Performance Goal (PG)	Time Goal
<b>Objective (3)</b> <b>Promoting environmental protection initiatives in HA's commercial facilities</b>		
<b>KA (4)</b> To enhance awareness of environmental protection and implement green measures and campaigns launched by HA and the Government	PG18 To continue green measures in HA's commercial facilities for reduction in energy consumption  PG19 To support Government in food waste collection and line up with tenants of restaurants, supermarkets and market stalls to take part in recycling/reduction of food waste  PG20 To collaborate with NGOs, Government departments and institutions to launch community/green programmes for environmental protection  PG21 To support Government in the provision of electric vehicle charging facilities in HA's new and existing car parks	On-going  On-going  On-going  On-going

### III. KEY PERFORMANCE INDICATORS

10. To keep track of the progress in achieving our objectives and implementing the KAs, we have developed the following KPIs to facilitate performance management. The details of the five KPIs are tabled as follows –

Key Performance Indicators		Targets		
		2019/20	Position as at 30 September 2019	2020/21
(a)	Vacancy rate for			
	• retail premises (shops)	below 2.5%	1.2%	below 2.5%
	• shopstalls and cooked food stalls	below 5.0%	1.1%	below 5.0%
	• carparks	below 7.0%	3.4%	below 7.0%
	• factory premises	below 1.0%	1.5%	below 3.0%
(b)	(i) Operating expenditure as a percentage of income (including depreciation and rates)	<sup>Note 2</sup> below 60%	<sup>Note 3</sup> 46.4%	below 60%
	(ii) Operating expenditure per square metre retail space per month (excluding depreciation and rates)	below \$190	\$168	below \$200
	(iii) Average income per carpark space per month	\$2,000	\$2,180	\$2,000
(c)	Rent arrears rate	less than 2.5%	1.9%	less than 2.5%

**Note 2** The target for the operating expenditure as a percentage of income for 2019/20 was set in December 2018. Therefore, the 50% rent concession for six months with effect from 1 October 2019 granted to HA's retail and factory tenants (Papers No. CPC 21/2019 and CPC 25/2019) had not been taken into account in the target.

**Note 3** The operating expenditure (excluding depreciation) as a percentage of income is 37.2% as at 30 September 2019.

11. The performance targets are set with reference to the actual results as at end September 2019 under a prudent approach. As the letting of vacant factory units have been frozen due to the fire safety and redevelopment studies, we *propose* to set the target at a higher rate for KPI (a) in respect of the vacancy rate of factory premises for 2020/21.

12. While the expenditure to income ratio and operating expenditure per square meter retail space as at 30 September 2019 are lower than their respective targets for 2019/20, which are mainly due to the usual lower spending level at the beginning of the financial year, additional expenditure for marketing and promotion programmes for Domain and new shopping facilities in the latter half of 2019/20 is expected. As such and taking into account the increasing costs in maintenance and improvement works, electricity and air-conditioning charges, salaries and contract prices arising from adopting Government's measures to enhance protection for non-skilled workers, we *propose* to set KPI (b)(ii) for 2020/21 at a higher level than that of last year. To provide a clearer picture on the operating performance of the commercial properties, we have also worked out the operating expenditure as a percentage of income by excluding the factor of depreciation, which is at 37.2% as at 30 September 2019.

#### **IV. RISK MANAGEMENT**

13. A risk assessment was conducted to identify risk factors that may adversely affect the performance of commercial operations in 2020/21. Among the identified factors, the rise in management and maintenance costs is one of the risk factors which would increase the operating cost and affect our financial performance. To minimise the impact, we would continue to manage the business operations in a prudent manner, explore opportunities for increasing revenue and contain expenditure as far as practicable.

14. On the other hand, the uncertainties in economic outlook will affect the performance of the retail market and may pose adverse impact on the operation of our commercial facilities. To mitigate the impact, we would adopt proactive measures in marketing and flexible approach in letting of retail

facilities. In addition, we would enhance the business environment of our shopping centres through implementing asset improvement works and launching special theme events and promotion programmes to sustain their attractiveness and competitiveness. We would keep track of the financial position of the commercial operating account with a view to meeting the KPIs.

## **V. BUDGETS AND FINANCIAL FORECASTS**

### **Commercial Operating Account**

----- 15. The 2019/20 Revised Budget, 2020/21 Proposed Budget and 2021/22 to 2023/24 Financial Forecasts are shown in **Appendix B**.

#### **2019/20 Revised Budget**

16. The operating surplus before exceptional items in the 2019/20 Revised Budget as shown in Appendix B (Page 1 of 3) is projected at \$1,370M, which is lower than the 2019/20 Approved Budget of \$1,739M by \$369M or 21.2%.

17. The total income of \$3,189M in the 2019/20 Revised Budget is lower than the 2019/20 Approved Budget of \$3,632M by \$443M or 12.2%. This is mainly attributable to the unbudgeted rates concession by the Government from April 2019 to March 2020 passed on to tenants on a no-loss-no-gain basis, and the 50% rent concession by the HA to retail and factory tenants from October 2019 to March 2020 as approved vide Papers Nos. CPC 21/2019 and CPC 25/2019. The total expenditure (before exceptional items) of \$1,819M in the 2019/20 Revised Budget is lower than the 2019/20 Approved Budget of \$1,893M by \$74M or 3.9%. This is mainly attributable to the unbudgeted rates concession for the period mentioned above.

#### **2020/21 Proposed Budget**

18. The operating surplus before exceptional items in the 2020/21 Proposed Budget as shown in Appendix B (Page 1 of 3) is projected at \$1,810M, which is higher than the 2019/20 Revised Budget of \$1,370M by \$440M or 32.1%.

19. The total income of \$3,781M in the 2020/21 Proposed Budget is higher than the 2019/20 Revised Budget of \$3,189M by \$592M or 18.6%. This is mainly due to the rates concession by the Government and rent concession by the HA in 2019/20, and the projected addition of new premises in 2020/21. The total expenditure (before exceptional items) of \$1,971M in the 2020/21 Proposed Budget is higher than the 2019/20 Revised Budget of \$1,819M by \$152M or 8.4%. This is mainly attributable to the rates concession by the Government in 2019/20, and the higher other recurrent expenditure in 2020/21.

### **2021/22 to 2023/24 Financial Forecasts**

20. As shown in Appendix B (Page 2 of 3), for the three-year forecast period from 2021/22 to 2023/24, the operating surplus before exceptional items is projected at \$1,983M, \$2,203M and \$2,412M respectively. The changes are mainly due to the projected addition of new premises over the period.

### **Capital Expenditure**

21. Budgeted capital expenditure on improvement works and computer for the five-year period from 2019/20 to 2023/24 is provided at Appendix B (Page 3 of 3).

## **VI. REVIEW**

22. As a continuous process to monitor performance, reports on financial achievement and progress of key activities will be prepared and submitted half-yearly to CPC for information.

**Commercial Properties Portfolio**  
( Position as at 30 September 2019 )

<b>Facilities</b>	<b>Total Stock (m<sup>2</sup> IFA)</b>	<b>Percentage Contribution to Total Net Income</b>
<b>Retail Premises</b> (with 2 894 tenancies)		
Shops	233 066	36.57%
Shopstalls	22 487	5.02%
Cooked Food Stalls	2 238	0.23%
<b>Total</b>	<b>257 791</b>	<b>41.82%</b>
<b>Government Lettings</b> (with 82 tenancies)	<b>36 798</b>	<b>1.57%</b>
<b>Carparks</b>	<b>31,600*</b>	<b>24.39%</b>
<b>Factory Premises</b> (with 3 328 tenancies)	<b>202 133</b>	<b>6.34%</b>
<b>Welfare / Community / Educational Premises</b> (with 2 003 tenancies)		
Welfare Premises	718 947	13.85%
Schools	1 302 812	0.02%
Kindergartens	149 399	4.54%
Indoor Recreation Centres/Indoor Games Halls	5 106	0%
<b>Total</b>	<b>2 176 264</b>	<b>18.41%</b>
<b>Miscellaneous Premises</b> (with 5 022 tenancies)		
Storerooms	26 366	0.52%
Contractors' Offices	12 474	0.67%
Radio Antennae & Base Stations	12 390	5.89%
Others (including estate offices, property management agent offices, community halls, Mutual Aid Committee offices, payphone, promotion venues, etc.)	365 726	0.39%
<b>Total</b>	<b>416 956</b>	<b>7.47%</b>

\* No. of parking spaces

**Appendix B**  
**(Page 1 of 3)**

**HONG KONG HOUSING AUTHORITY**  
**Commercial Operating Account**  
**2019/20 Revised Budget and 2020/21 Proposed Budget**

	Actual	Approved	Revised	Proposed	Increase/(Decrease) of		Increase/(Decrease) of	
	2018/19	Budget	Budget	Budget	2019/20 Revised Budget		2020/21 Proposed Budget	
	\$M	\$M	\$M	\$M	\$M	%	\$M	%
<b>INCOME</b>								
Rental	3,125	3,515	3,073	3,659	(442)	(12.6)	586	19.1
Other Income	128	117	116	122	(1)	(0.9)	6	5.2
<b>TOTAL INCOME</b>	<b>3,253</b>	<b>3,632</b>	<b>3,189</b>	<b>3,781</b>	<b>(443)</b>	<b>(12.2)</b>	<b>592</b>	<b>18.6</b>
<b>EXPENDITURE</b>								
Personal Emoluments	364	419	419	442	-	-	23	5.5
Government Rent and Rates	140	219	162	206	(57)	(26.0)	44	27.2
Maintenance and Improvements	164	189	178	192	(11)	(5.8)	14	7.9
Other Recurrent Expenditure	586	674	676	733	2	0.3	57	8.4
Depreciation and Amortisation	294	361	353	367	(8)	(2.2)	14	4.0
Share of Corporate Supervision and Support Services Expenses	25	31	31	31	-	-	-	-
<b>TOTAL EXPENDITURE</b>	<b>1,573</b>	<b>1,893</b>	<b>1,819</b>	<b>1,971</b>	<b>(74)</b>	<b>(3.9)</b>	<b>152</b>	<b>8.4</b>
<b>OPERATING SURPLUS BEFORE EXCEPTIONAL ITEMS</b>	<b>1,680</b>	<b>1,739</b>	<b>1,370</b>	<b>1,810</b>	<b>(369)</b>	<b>(21.2)</b>	<b>440</b>	<b>32.1</b>
Less: Exceptional Items								
- Government Non-reimbursable Items	74	99	99	44	-	-	(55)	(55.6)
<b>OPERATING SURPLUS AFTER EXCEPTIONAL ITEMS</b>	<b>1,606</b>	<b>1,640</b>	<b>1,271</b>	<b>1,766</b>	<b>(369)</b>	<b>(22.5)</b>	<b>495</b>	<b>38.9</b>

**Appendix B**  
**(Page 2 of 3)**

**HONG KONG HOUSING AUTHORITY**  
**Commercial Operating Account**  
**2019/20 Revised Budget, 2020/21 Proposed Budget and 2021/22 - 2023/24 Forecasts**

	Actual 2018/19	Approved Budget 2019/20	Revised Budget 2019/20	Proposed Budget 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24
	\$M	\$M	\$M	\$M	\$M	\$M	\$M
<b>INCOME</b>							
Rental	3,125	3,515	3,073	3,659	3,939	4,316	4,663
Other Income	128	117	116	122	128	138	147
<b>TOTAL INCOME</b>	<b>3,253</b>	<b>3,632</b>	<b>3,189</b>	<b>3,781</b>	<b>4,067</b>	<b>4,454</b>	<b>4,810</b>
<b>EXPENDITURE</b>							
Personal Emoluments	364	419	419	442	467	493	519
Government Rent and Rates	140	219	162	206	216	235	251
Maintenance and Improvements	164	189	178	192	197	211	226
Other Recurrent Expenditure	586	674	676	733	777	829	878
Depreciation and Amortisation	294	361	353	367	394	449	489
Share of Corporate Supervision and Support Services Expenses	25	31	31	31	33	34	35
<b>TOTAL EXPENDITURE</b>	<b>1,573</b>	<b>1,893</b>	<b>1,819</b>	<b>1,971</b>	<b>2,084</b>	<b>2,251</b>	<b>2,398</b>
<b>OPERATING SURPLUS BEFORE EXCEPTIONAL ITEMS</b>	<b>1,680</b>	<b>1,739</b>	<b>1,370</b>	<b>1,810</b>	<b>1,983</b>	<b>2,203</b>	<b>2,412</b>
<b>Less : Exceptional Items</b>							
- Government Non-reimbursable Items	74	99	99	44	38	32	33
<b>OPERATING SURPLUS AFTER EXCEPTIONAL ITEMS</b>	<b>1,606</b>	<b>1,640</b>	<b>1,271</b>	<b>1,766</b>	<b>1,945</b>	<b>2,171</b>	<b>2,379</b>

**HONG KONG HOUSING AUTHORITY**  
**Commercial Operating Account**  
**Capital Expenditure**  
**2019/20 Revised Budget, 2020/21 Proposed Budget and 2021/22 - 2023/24 Forecasts**

	Actual 2018/19	Approved Budget 2019/20	Revised Budget 2019/20	Proposed Budget 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24
	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Improvement Works	27	62	32	42	56	67	37
Computer Expenditure	2	3	2	13	22	3	1
<b>TOTAL</b>	<b>29</b>	<b>65</b>	<b>34</b>	<b>55</b>	<b>78</b>	<b>70</b>	<b>38</b>

**Memorandum for the Building Committee of  
the Hong Kong Housing Authority**

**Programme of Activities for  
Development and Construction in 2020/21**

**PURPOSE**

This paper seeks Members' endorsement of the Programme of Activities for Development and Construction in 2020/21.

**RECOMMENDATION**

----- 2. We **recommend** Members endorse the Programme of Activities for Development and Construction in 2020/21 (**Annex** refers) for incorporation in the Housing Authority (HA) Corporate Plan to be submitted to the HA in January 2020.

**PROGRAMME OF ACTIVITIES**

3. As part of the corporate planning process, a Programme of Activities for Development and Construction in 2020/21 is prepared. This is to put a coherent and effective set of policies and programmes in place to achieve the strategic objectives as presented in the HA Brainstorming Session held on 1 November 2019, incorporating the Strategic Plan endorsed by the Strategic Planning Committee (SPC) under Paper No. **SPC 33/2019** on 17 October 2019.

4. In accordance with the approved HA 2020/21 Strategic Plan, the four themes for the HA 2020/21 Corporate Plan are as follows –

- (a) Providing quality homes;
- (b) Promoting sustainable living;
- (c) Optimising and rationalising the use of public resources; and
- (d) Enhancing the attractiveness of commercial properties.

5. In preparing the Programme of Activities, we have taken into consideration Members' comments given in the HA Brainstorming Session and the BC Discussion Session held respectively on 1 November 2019 and 21 November 2019.

## **PROGRAMME OBJECTIVES**

6. With a view to realising the vision, mission, core values, themes and corporate strategic objectives of the HA Corporate Plan, eight Programme Objectives have been developed for the work of Development and Construction, focusing mainly on three themes as below –

<b>Themes</b>	<b>Programme Objectives</b>
Providing quality homes	<ol style="list-style-type: none"><li>1. Seeking Government's provision of sites suitable for development, monitoring their timely availability for construction, optimising site development potential and maximising supply of domestic flats, and managing external risks affecting the progress of construction works;</li><li>2. Planning and designing new development for a green and healthy environment, conserving resources, and promoting green procurement;</li><li>3. Enhancing building standards through research, management system and liaison with stakeholders;</li></ol>
Promoting sustainable living	<ol style="list-style-type: none"><li>4. Enhancing community engagement throughout the delivery of development projects and promoting partnering with business partners;</li><li>5. Enhancing awareness on health, environment and safety, and promoting relevant practices in HA's workplace;</li></ol>

<b>Themes</b>	<b>Programme Objectives</b>
Optimising and rationalising the use of public resources	6. Optimising the use of the Hong Kong Housing Authority's (HA) factory buildings;  7. Monitoring the construction cost of new housing development, enhancing the sustainability of older estates and reviewing the feasibility of redeveloping individual aged estates; and  8. Making effective and wider application of Information Technology IT to support business initiatives and enhance efficiency.

## **KEY ACTIVITIES**

7. In 2020/21, we plan to rollout 17 Key Activities (KA) with 43 Performance Goals (PG) for Development and Construction. These Key Activities and Targets are detailed in Section II of **Annex**.

## **KEY PERFORMANCE INDICATORS**

8. To keep track of the progress in achieving our programme objectives and implementing the KAs, we have drawn up 10 key performance indicators (KPIs) to facilitate performance management. These KPIs are the same indicators as those for last year with updating of the targets as appropriate. They are defined in Section III of **Annex**.

## **RISK MANAGEMENT**

9. A risk assessment was conducted to identify the factors that may jeopardise the implementation of Development and Construction activities, notably availability of suitable and adequate land supply, timely availability of sites for construction, community support for housing development, timely availability of funding for associated public works, safety performance of contractors, and timely completion and quality of construction works, as set out at Section IV of **Annex**. The Programme of Activities has been drawn up to include measures to mitigate the risks identified and to reduce their likely impact.

## **BUDGETS AND FINANCIAL FORECASTS**

10. The construction expenditure of the 2019/20 Revised Budget, 2020/21 Proposed Budget and 2021/22 to 2023/24 Financial Forecasts are set out at Section V of **Annex**.

11. The 2019/20 Revised Budget is projected at \$17,779M, which is \$1,871M or 9.5% lower than the 2019/20 Approved Budget of \$19,650M. This is mainly due to lower awarded sums of some foundation and building contracts and construction programme adjustments for some works contracts.

12. The 2020/21 Proposed Budget is projected at \$22,025M, which is \$4,246M or 23.9% higher than the 2019/20 Revised Budget of \$17,779M. The higher construction expenditure is mainly due to the number of flat production according to the Housing Construction Programme (HCP) and more foundation works to be commenced in the year.

13. The 2021/22, 2022/23 and 2023/24 Financial Forecasts are projected at \$22,928M, \$24,941M and \$28,074M respectively. The changes in the projected construction expenditure are mainly due to the assumed tender price inflation and the number of flat production according to the HCP.

## **DECLASSIFICATION**

14. We propose that this paper be declassified upon the approval of HA's 2020/21 Corporate Plan at the HA meeting to be held on 20 January 2020.

## **PRESUMPTION**

15. Further to the Discussion Session on 21 November 2019, it is not thought that Members will object to the recommendation at paragraph 2 above. If no objection or request for discussion is received by the Committee's Secretary **by noon on 27 December 2019**, Members' approval will be presumed.

Miss Angie AU YEUNG  
Secretary, Building Committee  
Tel. No. : 2761 7465  
Fax No. : 2761 0019

File Ref. : HD(DC) 250/6  
(Development and Construction Division)  
Date of Issue : 12 December 2019  
Date of Revision : 13 December 2019

PROGRAMME OF ACTIVITIES  
FOR  
DEVELOPMENT & CONSTRUCTION  
2020/21

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**Appendix** 2019/20 to 2023/24 Budgets and Forecasts

## **I. INTRODUCTION**

This Programme of Activities presents the Themes, Programme Objectives and Key Activities for Development and Construction in 2020/21, together with the associated budgets.

2. We have reviewed the mid-year performance of the 2019/20 Programme of Activities (Paper No. **BC 72/2019** refers). Up to 30 September 2019, all the 18 Key Activities were on-going. Our achievements include construction of about 2 500 PRH/GSH flats and 1 700 Other SSFs. Out of 10 Key Performance Indicators, nine targets were met, and one was in progress.

3. We have adopted a thematic approach such that Key Activities with similar objectives are grouped together. Such a purpose-driven thematic approach has proven to be advantageous in facilitating Members' consideration of the proposed Key Activities and improving the presentation of the yearly plan. Taking account of the impact of the economic conditions, the current main directions of our work, the statutory objectives and functions of the HA, as well as HA Members' suggestions on HA's focuses as reflected in the HA's Brainstorming Session held on 1 November 2019, the 2020/21 Corporate Plan focuses on four themes –

- (a) Providing quality homes;
- (b) Promoting sustainable living;
- (c) Optimising and rationalising the use of public resources; and
- (d) Enhancing the attractiveness of commercial properties.

4. We continue with our vision, mission and core values of –

### **Vision**

- To provide affordable rental housing to low-income families with housing needs, and to help low to middle-income families gain access to subsidised home ownership.

### **Mission**

- To provide affordable quality housing, management, maintenance and other housing related services to meet the needs of our customers in a proactive and caring manner.
- To provide an age-friendly and barrier-free estate environment to address the needs of residents of different ages and physical ability.

- To ensure cost-effective and rational use of public resources in service delivery and allocation of housing assistance in an open and equitable manner.
- To maintain a competent, dedicated and performance-oriented team.

**Core values**

- Caring, Customer-focused, Creative, Committed.

5. With a view to realising the above vision, mission, core values, eight Programme Objectives have been developed for the work of Development and Construction, focusing mainly on three themes as below –

<b>Themes</b>	<b>Programme Objectives</b>
Providing quality homes	<ol style="list-style-type: none"> <li>1. Seeking Government’s provision of sites suitable for development, monitoring their timely availability for construction, optimising site development potential and maximising supply of domestic flats, and managing external risks affecting the progress of construction works;</li> <li>2. Planning and designing new development for a green and healthy environment, conserving resources, and promoting green procurement;</li> <li>3. Enhancing building standards through research, management system and liaison with stakeholders;</li> </ol>
Promoting sustainable living	<ol style="list-style-type: none"> <li>4. Enhancing community engagement throughout the delivery of development projects and promoting partnering with business partners;</li> <li>5. Enhancing awareness on health, environment and safety, and promoting relevant practices in HA’s workplace;</li> </ol>

<b>Themes</b>	<b>Programme Objectives</b>
Optimising and rationalising the use of public resources	<p>6. Optimising the use of the Hong Kong Housing Authority's (HA) factory buildings;</p> <p>7. Monitoring the construction cost of new housing development, enhancing the sustainability of older estates and reviewing the feasibility of redeveloping individual aged estates; and</p> <p>8. Making effective and wider application of Information Technology IT to support business initiatives and enhance efficiency.</p>

## II. KEY ACTIVITIES

6. In 2020/21, we plan to roll out the following Key Activities for taking forward the main work directions and themes of the HA, and our business objectives are –

### New Initiatives

#### **Theme 3 : Optimising and Rationalising the Use of Public Resources**

<b>Objective</b>		
<b>Key Activities</b>	<b>Target</b>	
	<b>Performance Goal <sup>[1]</sup></b>	<b>Time Goal</b>
Objective (6) Optimising the use of the Hong Kong Housing Authority's (HA) factory buildings.		
<u>KA01</u> To explore the feasibility of redeveloping its factory estates for public housing use, particularly to increase the supply of public rental housing (PRH) units.	<u>PG01</u> To explore the feasibility of using the individual factory estate sites for public housing developments - Taking into account individual site conditions and arrangements, we will consider each factory estate's own merits; and will kick start respective preliminary assessments progressively in end 2019, as appropriate.	On-going

[1] Performance Goals marked “ \* ” are also applicable to the Programme of Activities for Procurement.

[2] Figures rounded to the nearest hundred for flat production and retail provision, and to the nearest ten for car/ lorry parking spaces.

### On-going Initiatives

#### Theme 1 : Providing Quality Homes

Objective		
Key Activities	Target	
	Performance Goal <sup>[1]</sup>	Time Goal
<p>Objective (1) Seeking Government’s provision of sites suitable for development, monitoring their timely availability for construction, optimising site development potential and maximising supply of domestic flats, and managing external risks affecting the progress of construction works.</p>		
<p><u>KA02</u> To seek Government’s provision of sites in a suitable condition to expedite the development of housing units and conduct detailed studies on selected sites in order to achieve the production targets of domestic flats and facilities as planned in the Public Housing Construction Programme, and optimise the development potential of the sites and maximise the supply of domestic flats.</p>	<p><u>PG02</u> To construct 6 100 Public Rental Housing/ Green Form Subsidised Home Ownership Scheme (PRH/ GSH) flats, 6 800 Other Subsidised Sale Flats (Other SSFs), 15 800 m<sup>2</sup> Gross Floor Area (GFA) of retail facilities and 520 nos. of car/ lorry parking spaces. <sup>[2]</sup></p>	1 <sup>st</sup> Q 2021
	<p><u>PG03</u> To continuously work in close liaison with all concerned Government bureaux and departments to –</p> <ul style="list-style-type: none"> <li>a) Provide suitable and “spade ready” sites which are properly zoned, resumed, cleared and formed with adequate provision of infrastructure for public housing development;</li> <li>b) Carry out comprehensive studies on selected sites (including existing estates) to facilitate and advance the readiness of such sites for public housing development;</li> <li>c) Increase the plot ratio and relax building height and non-building areas of suitable public housing development sites;</li> <li>d) Optimise the development potential of domestic facilities, and non-domestic facilities where possible; and</li> <li>e) Expedite the provision of formed sites and infrastructure for public housing developments, including securing the necessary funding from Government.</li> </ul>	On-going
	<p><u>PG04*</u> To continuously implement BEAM Plus specification clauses in all new works projects, and register selected ones with the Hong Kong Green Building Council for assessment and certification in order to obtain GFA concession and increase development potential.</p>	On-going

<p><u>KA03</u> To monitor town planning and associated processes affecting housing development, and mitigate any adverse impact on site availability for construction.</p>	<p><u>PG05</u> To continuously liaise with relevant Government departments on the progress of planning applications and rezoning which may have implications on the acquisition of sites for commencement of construction works.</p>	On-going
	<p><u>PG06</u> Should unpredictable or unpreventable issues concerning or affecting HA's sites arise, such as judicial review, local demand for additional facilities, etc., liaise closely with relevant Government departments to mitigate delay in site availability. At the same time, to continuously explore and implement measures to expedite subsequent construction, e.g. the use of advance hoarding works or other preparation works.</p>	On-going
<p><u>KA04</u> To monitor public objections to housing development, take measures to avoid interruption to site works and mitigate any effect on progress.</p>	<p><u>PG07</u> To continuously liaise with district councillors, local community and stakeholders closely to enhance understanding of and gain support on new development proposals.</p>	On-going
	<p><u>PG08</u> Should protests occur at construction sites, liaise with protesters to address their concerns with the aim to ending the protests the soonest possible. To continuously work closely with relevant contractors to implement necessary measures to avoid disruption to the works and mitigate delay.</p>	On-going
<p><u>KA05</u> To explore and implement initiatives to expedite construction of new works projects.</p>	<p><u>PG09</u> To continuously implement the following measures to expedite foundation works –</p> <ul style="list-style-type: none"> <li>a) To prepare major Excavation and Lateral Support Works plans and submit to ICU to secure first approval before tender;</li> <li>b) To submit piling record plan and consent for pile cap construction concurrently;</li> <li>c) To liaise closely with Direct Testing Contractors to effect early planning and booking for pile tests;</li> <li>d) To use draft or preliminary pile test reports to speed up the processing and reporting of foundation works completion; and</li> <li>e) To implement streamlined inspection procedures for soil bearing conditions of minor footings.</li> </ul>	On-going

	<p><u>PG10</u> To continuously implement streamlined operational procedures as follows –</p> <ul style="list-style-type: none"> <li>a) Streamlined joint survey and submission procedures at the foundation contract/ building contract interface; and</li> <li>b) Streamlined checking and approval process of material sample submissions from contractors by operating a Control Vetting Team to centrally vet standardised Base Drawings of concerned building components submitted directly by suppliers in advance.</li> </ul>	On-going
	<p><u>PG11</u> To continuously apply standardised falsework details for precast facades and semi-precast slabs in suitable projects.</p>	On-going
	<p><u>PG12</u> To continuously use the following standardised precast elements in suitable projects –</p> <ul style="list-style-type: none"> <li>a) Roof water tanks;</li> <li>b) Roof parapets;</li> <li>c) Manholes and cable draw pits;</li> <li>d) Drainage channels;</li> <li>e) Semi-Precast Roof Slab;</li> <li>f) Roof Staircase;</li> <li>g) Panel Wall for Lift machine Room at Roof;</li> <li>h) Precast half-landing; and</li> <li>i) Segmental water tank (External Work)</li> </ul>	On-going
	<p><u>PG13</u> To continuously use labour saving installation methods for building services installations, including –</p> <ul style="list-style-type: none"> <li>a) Mechanical coupling joint for fire service pipework;</li> <li>b) Prefabricated trunking in meter rooms and for lift installation; and</li> <li>c) Self-contained type pressure reducing hydrant outlets.</li> </ul>	On-going
	<p><u>PG14</u> To continuously explore further enhancement of the buildability and productivity of public housing developments such as Enhanced Precast Concrete Components (EPCC) and Modular Integrated Construction (MIC).</p>	On-going

<p><u>KA06</u> To review the range of modular flats for Public Housing Developments to suit the diverse needs of the public.</p>	<p><u>PG15</u> To continuously review Public Housing flat types in the modular flat library for suitability of meeting changing and varying needs.</p>	<p>On-going</p>
<p>Objective (2) Planning and designing new development for a green and healthy environment, conserving resources, and promoting green procurement.</p>		
<p><u>KA07</u> To review and enhance the quality management system and specifications in respect of assuring quality for all critical site works and installations for capital works new works projects, including risk assessment and site inspection procedures in respect of assuring proper use of materials.</p>	<p><u>PG16*</u> To continuously implement the requirement for contractors to conduct third party audit on their Quality Control System in HA's capital works new works projects.</p>	<p>On-going</p>
	<p><u>PG17*</u> To continuously implement the enhanced Quality Control System on material compliance checking and monitoring (including enhancements to contract requirements, specifications, technical guides and site inspection procedures) arising from the outcome of the risk assessment of building materials (architectural materials (1 000+ nos.), building services materials (600+ nos.) and structural materials (60+ nos.)) and implement the requirements for main contractors to conduct risk assessment of building materials according to the Quality Control System.</p>	<p>On-going</p>
	<p><u>PG18*</u> To continuously review and update the Specification Library under a consultancy agreement.</p>	<p>On-going</p>
<p><u>KA08</u> To adopt environmentally responsive planning and design, and optimise greening in housing estates to promote a green and healthy environment.</p>	<p><u>PG19</u> To continuously adopt the following in respect of environmentally responsive planning and design –</p> <ul style="list-style-type: none"> <li>a) Conduct micro-climate studies and Air Ventilation Assessment to optimise natural ventilation and use of daylight in the planning and design of new estates;</li> <li>b) Plan new estates with a greening ratio of at least 20% and at least 30% for sites over two hectares where GFA concessions are required, adopt a tree planting ratio of not less than 1 tree per 15 flats for new housing developments and monitor the cost effectiveness of greening;</li> <li>c) Apply balanced ecological planning and design principles in suitable new works projects;</li> <li>d) Use acoustic windows, acoustic balconies, other features and configurations to domestic flats to</li> </ul>	<p>On-going</p>

	<p>mitigate extreme noise impact at selected new works projects; and</p> <p>e) Apply Carbon Emission Estimation at the design stage of new development projects. The estimation will include carbon emission in construction stage and throughout the life cycle of the building.</p>	
	<p><u>PG20</u> To continuously align the design of new works projects requiring GFA concessions with the prescribed Residential Thermal Transfer Values promulgated in the "Guidelines on the Design and Construction Requirements for Energy Efficiency of Residential Buildings" (the Guidelines).</p>	<p>On-going</p>
	<p><u>PG21</u> To continuously provide a “smart meter monitoring and information display system” at main entrance lobbies of new domestic blocks for tenants’ information and peer comparison of communal and tenants’ consumption of electricity, gas and fresh water.</p>	<p>On-going</p>
	<p><u>PG22</u> To continuously install green roofs in suitable new works projects, and explore and review the effectiveness of other environmental initiatives for further application, including –</p> <ul style="list-style-type: none"> <li>a) Zero Irrigation System (ZIS), including Sustainable Urban Drainage System and Sub-irrigation System, to reduce water consumption in irrigation; and</li> <li>b) Recycling felled trees as mulch for landscaping works.</li> </ul>	<p>On-going</p>
	<p><u>PG23</u> To continuously implement the following measures in respect of tree preservation and management –</p> <ul style="list-style-type: none"> <li>a) To coordinate with the Development Bureau on tree preservation and management works, and on new guidelines and contractual requirements;</li> <li>b) To upload the data of all trees in existing PRH estates and construction sites to the DCDGIS Tree Database after the annual tree risk assessment works in order to facilitate tree preservation and protection; and</li> <li>c) To conduct tree risk assessment works for construction sites and existing estates and carry out necessary remedial works.</li> </ul>	<p>On-going</p>

<p><u>KA09</u> To promote and streamline “green” procurement, including the use of “green” materials, "green" construction methods, resource conservation technologies, the simultaneous and integrated application of different environment-friendly material labelling schemes, and energy conservation.</p>	<p><u>PG24</u> To continuously adopt “green” construction methods, material and provisions in new works projects, such as</p> <ol style="list-style-type: none"> <li>a) To use FSC timber for temporary work;</li> <li>b) To use precast segmental roof water tanks of standardised design in suitable new works projects;</li> <li>c) To widen the use of precast concrete components including volumetric precast elements;</li> <li>d) To use synthetic macro-fibre reinforcement in on-grade slabs in new works projects where applicable;</li> <li>e) To use Ground Granular Blast Furnace Slag (GGBS) to partially replace cement in precast concrete facades and staircase and to explore its use in other precast structural elements;</li> <li>f) To adopt re-usable modular hoarding with bolt-and-nut fixing in suitable new works projects;</li> <li>g) To use re-cycled materials in new works projects to reduce the use of new materials and carbon emission;</li> <li>h) To use softwood doors and Water Efficiency Labelling Scheme (WELS) registered plumbing fixtures; and</li> <li>i) To implement the specification of mandatory use of B5 bio-diesel as fuel for all non-road based construction machinery on Site*; and</li> <li>j) To use hard paved construction at all piling and building construction sites.</li> </ol>	On-going
	<p><u>PG25</u> To continuously adopt DEVB’s implementation plan to phase out the use of four types of Exempted Non-Road Mobile Machinery (NRMM) in HA’ construction sites for contracts with estimated value greater than \$200M, namely –</p> <ol style="list-style-type: none"> <li>a) Generators;</li> <li>b) Air compressors;</li> <li>c) Excavators; and</li> <li>d) Crawler cranes.</li> </ol>	On-going
	<p><u>PG26</u> To continuously update the Guide (Green Selection Guidelines) for specifying “green” materials and products for maintenance and improvement (M&amp;I) works.</p>	On-going
	<p><u>PG27</u> To continuously implement the following energy saving measures –</p> <ol style="list-style-type: none"> <li>a) To meet energy efficiency requirements according</li> </ol>	On-going

	<p>to the Building Energy Codes issued by EMSD in new works projects;</p> <ul style="list-style-type: none"> <li>b) To implement grid-connected photovoltaic system for electricity generation in new PRH projects;</li> <li>c) To implement two-level lighting system for barrier free access in domestic and non-domestic blocks of new works projects;</li> <li>d) To adopt energy efficient LED bulkhead lights and in public areas of domestic blocks of new works projects;</li> <li>e) To install electric vehicle charging facilities in car parks of all new estates;</li> <li>f) To adopt energy efficient gearless lifts in domestic blocks to new works projects and adopt permanent magnet synchronous motors for the gearless lifts if readily available in the market;</li> <li>g) To adopt regenerative power for lift systems using motors with power rating of 8kW or above in new works projects; and</li> <li>h) To adopt energy efficient LED Exit signs and Directional signs in all new works projects.</li> </ul>	
<p>Objective (3) Enhancing building standards through research, management system and liaison with stakeholders.</p>		
<p><u>KA10</u> To improve building standards, quality and productivity in construction by conducting research on building design and construction, implementing a quality management system and product certification, as well as liaising with industry stakeholders.</p>	<p><u>PG28</u> To continuously implement the following measures in respect of improving building standards, quality and productivity –</p> <ul style="list-style-type: none"> <li>a) To conduct regular R&amp;D Steering Committee meetings to monitor the progress of and upkeep a series of construction-related R&amp;D activities, and explore new initiatives;</li> <li>b) To collect feedback and liaise with stakeholders to improve building standards and productivity in construction through regular meetings, forums and seminars and to promulgate policies and drive new initiatives in the above platforms;</li> <li>c) To implement product certification in new works projects to effect upstream control of product quality in manufacturing factories*;</li> <li>d) To review specification to improve productivity, buildability and quality in new works projects; and</li> <li>e) To review and enhance the General Specification for Maintenance Works to meet the contemporary requirements and standards for building materials, and enhanced measures to safeguard the quality of fresh water supply in replumbing works.</li> </ul>	<p>On-going</p>

## Theme 2 : Promoting Sustainable Living

<b>Objective</b>		
<b>Key Activities</b>	<b>Target</b>	
	<b>Performance Goal <sup>[1]</sup></b>	<b>Time Goal</b>
<p>Objective (4) Enhancing community engagement throughout the delivery of development projects and promoting partnering with business partners.</p>		
<p><u>KA11</u> To promote partnering with stakeholders, such as engaging the community in the development process, as well as promoting social cohesion through the planning and design of estates.</p>	<p><u>PG29</u> To continuously develop new estates with their own identities through planning and designing according to site character and to promote social cohesion through designing common areas to facilitate social interaction and neighbourliness.</p>	On-going
	<p><u>PG30</u> To continuously facilitate timely provision of ancillary facilities in the community to tie in with population in-take, including liaison with other Government departments on bidding of fund and carrying out entrustment work as necessary.</p>	On-going
	<p><u>PG31</u> To continuously engage the community in the planning, design, construction and flat intake process, including conducting workshops, Residents Surveys and Post Completion Reviews, to obtain communities' feedback and organising activities such as "Action Seedling" during construction and near flat intake stage to nurture social interaction.</p>	On-going
	<p><u>PG32</u> To continuously share HA's initiatives through presenting papers or by giving talks at local and international conferences and publications.</p>	On-going

<p><u>KA12</u> To adopt universal design for all ages and abilities in modular flats, communal facilities and integrated community play areas, and implement barrier-free access to domestic block entrances, strategic estate facilities and transportation nodes to enhance safety, accessibility and spatial equity in the community.</p>	<p><u>PG33</u> To continuously plan and design new housing developments for socio-spatial equity, including adopting Universal Design in modular flats and communal facilities, planning Integrated Community Play Areas for all ages and abilities, and implementing Barrier Free Access to block entrances, strategic estate facilities and transportation nodes.</p>	<p>On-going</p>
<p>Objective (5) Enhancing awareness on health, environment and safety, and promoting relevant practices in HA's workplace.</p>		
<p><u>KA13</u> To monitor and enhance the quality of development and environment, as well as health and safety at HA's development and construction workplaces, and improve the environmental, social and economic aspects of sustainability.</p>	<p><u>PG34</u> To continuously implement the following in respect of monitoring and enhancing the quality of development and environment for Development and Construction work –</p> <ul style="list-style-type: none"> <li>a) ISO 9001 and ISO 14001 in our management and operation;</li> <li>b) The European Foundation for Quality Management (EFQM) Excellence Model for DCD's development and construction work;</li> <li>c) Enrolment of DCD's development and construction work annually in the HKQAA Corporate Social Responsibility (CSR) Index and obtained the HKQAA Advocate Mark;</li> <li>d) ISO 50001 on energy management system for domestic blocks in new development projects and to transit to the 2018 edition before August 2021;</li> <li>e) To acquaint DCD's new staff with HA's practices in general and DCD's operation in particular, by implementing the "DCD Buddy Scheme"; and</li> <li>f) To acquaint DCD's new staff and professional services providers (PSPs) with, and to refresh existing staff and PSPs of DCD's practices by operating the "DCD Academy".</li> </ul>	<p>On-going</p>
	<p><u>PG35</u> To continuously implement the following management system in respect of monitoring and enhancing the quality of M&amp;I works –</p> <ul style="list-style-type: none"> <li>a) To implement ISO 9001 and ISO 14001 in the planning, design, project management and contract</li> </ul>	<p>On-going</p>

	<p>administration of planned M&amp;I works in existing estates;</p> <p>b) To implement ISO 19011 Auditing Management System for M&amp;I works in PRH estates;</p> <p>c) To enrol EMD annually in the HKQAA Corporate Social Responsibility (CSR) Index and obtain the HKQAA Advocate Mark;</p> <p>d) To implement ISO 31000 Risk Management System for M&amp;I works in PRH estates;</p> <p>e) To implement ISO 50001 energy management system for communal area of existing public rental housing domestic blocks;</p> <p>f) To implement ISO 45001 Occupational Health and Safety Management System (OHSMS) for planned maintenance and improvement works*; and</p> <p>g) To maintain enrolment of 10 estates in the HKQAA Sustainable Building Index (SBI) and upkeep the HKQAA SBI Verified Mark.</p>	
	<p><u>PG36</u></p> <p>To continuously monitor site safety at construction sites to achieve accident rate of not more than 9 accidents per 1 000 workers for New Works contracts and Maintenance contracts, and achieve zero fatal accident.</p>	<p>On-going</p>
	<p><u>PG37*</u></p> <p>To continuously enhance and promote safety awareness and practices of HD staff and stakeholders at construction sites by continuing to –</p> <p>a) Issue safety and health alerts, organise Safety Forum, site safety seminars on topical issues, and prepare articles to disseminate messages of safety events through Housing Dimensions;</p> <p>b) Conduct Site Safety PASSPORT Training Programme for HD new works staff and require contractors to provide safety training for their works personnel to meet the prescribed level of safety training;</p> <p>c) Maintain the online Refresher Site Safety PASSPORT Training Course for HD new works staff, and Health and Safety online courseware for maintenance works staff;</p> <p>d) Engage stakeholders to promote best practices and formulate new/ revised specification requirements; and</p> <p>e) Maintain a Site Safety website with site safety information and multi-media materials.</p>	<p>On-going</p>

	<p><u>PG38*</u> To continuously implement, monitor, maintain and review the effectiveness of the following safety management system, including –</p> <ul style="list-style-type: none"> <li>a) The Integrated Pay for Safety, Environment and Hygiene Scheme for new works, the Pay for Safety Scheme for M&amp;I contracts, and surveillance checks under the Independent Safety Audit System in new works and M&amp;I contracts;</li> <li>b) Surprise Safety Inspection Programme (SSIP) in on-going new works contracts, and surprise check on safety in M&amp;I contracts to tighten vigilance on high risk operations; and</li> <li>c) The Housing Authority Safety Alert Module under the Development and Construction Site Mobile System (DCSMS) Phase 2 and the mechanism of reporting industrial accidents/incidents on new works construction sites.</li> </ul>	On-going
	<p><u>PG39*</u> To continuously work with the Occupational Safety and Health Council to implement and further develop standardised Pointing-and-Calling (指差呼稱) oral commands for use by contractors in high risk activities.</p>	On-going

### Theme 3 : Optimising and Rationalising the Use of Public Resources

Objective		
Key Activities	Target	
	Performance Goal <sup>[1]</sup>	Time Goal
<p>Objective (7) Monitoring the construction cost of new housing development, enhancing the sustainability of older estates and reviewing the feasibility of redeveloping individual aged estates.</p>		
<p><u>KA14</u> To review the feasibility of redeveloping individual aged PRH estates in accordance with established policies under the LTHS and make better use of land within or near existing PRH estates for additional developments to increase</p>	<p><u>PG40</u> To review –</p> <ul style="list-style-type: none"> <li>a) The feasibility of redeveloping aged estates on an estate-by-estate basis, with reference to four basic principles – <ul style="list-style-type: none"> <li>i) Structural conditions of buildings;</li> <li>ii) Cost-effectiveness of repair works;</li> <li>iii) Availability of suitable rehousing resources in the vicinity of the estates to be redeveloped;</li> </ul> </li> <li>and</li> </ul>	On-going

<p>flat production and enhance facilities.</p>	<p>iv) Build-back potential upon redevelopment; and b) The opportunities for additional developments within or near existing PRH estates.</p>	
<p><u>KA15</u> To prolong the useful life of some aged estates, and enhance the provision of housing development and facilitate the maintenance of older estates.</p>	<p><u>PG41</u> To continuously implement the following to prolong the useful life of some aged estates, and enhance the provision of housing development and facilitate the maintenance of older estates – a) Comprehensive Structural Investigation Programme (CSIP) for aged estates; b) Estate Improvement Programme (EIP) for older estates; c) Responsive In-flat Maintenance Services (RIMS) in existing estates and extend the scheme to new estates; and d) Total Maintenance Scheme (TMS) to upkeep the building condition through proactive inspection and repair.</p>	<p>On-going</p>
<p><u>KA16</u> To monitor construction cost and improve the cost-effectiveness of construction.</p>	<p><u>PG42</u> To continuously implement the following in respect of monitoring construction cost and improving cost-effectiveness of construction – a) Apply “Lean Design and Construction” in new works projects, including the exploration and application of innovative construction methods to save labour, time and resources; b) Benchmark the average construction cost of HA’s residential buildings against residential buildings of average standard in the private sector, and closely monitor the market cost trend and seek approval to adjust project budgets in a timely manner; and c) Monitor the construction cost per flat for PRH/ GSH and other SSF against the respective alert levels to trigger projects for submission to the Strategic Planning Committee for approval by discussion instead of by presumption.</p>	<p>On-going</p>

<p>Objective (8) Making effective and wider application of Information Technology IT to support business initiatives and enhance efficiency.</p>		
<p><u>KA17</u> To implement or enhance IT systems to support the evolving business requirements, and to improve the overall operational efficiency and IT security.</p>	<p><u>PG43*</u> To apply IT to improve design and construction processes, ensure quality of deliverables, reduce environmental impacts, and enhance construction safety for new works contracts, including –</p> <ul style="list-style-type: none"> <li>a) Implement and expand the use of new technologies relating to mobile devices and explore the use of Internet of Things (IoT) including – <ul style="list-style-type: none"> <li>i) Apply Development and Construction Site Mobile System (DCSMS), a system utilising "Apps" on smart phones and mobile devices to assist the Department’s site staff in site inspection and site management tasks, and for exchanging related information with contractors;</li> <li>ii) Apply Radio Frequency Identification (RFID) for delivery tracking of building components as well as for tracking construction waste from construction sites, for the maintenance of buildings; and</li> <li>iii) Maintain and enhance the Enterprise Tree Management System (ETrMS) which incorporated the use of mobile device, RFID, GPS and GIS technologies for tree management;</li> </ul> </li> <li>b) Implement Digital Construction to our projects through the integrated use of Building Information Modelling (BIM), Geographic Information System (GIS) and associated softwares for planning, design and construction;</li> <li>c) Maintain and enhance HOMES’ applications and efficiency;</li> <li>d) Enhance construction site security of new works contracts by installing CCTV cameras at strategic locations; and</li> <li>e) To continue the migration of DCD’s IT application systems from Housing Authority Information Technology Architecture (HAITA) platform to HA-Cloud Computing Infrastructure.</li> </ul>	<p>On-going</p>

### III. KEY PERFORMANCE INDICATORS

7. To keep track of the progress in achieving our Business Objectives and implementing the KAs, we have developed the following KPIs to facilitate performance management –

KPIs	Targets		
	2019/20	Position as at 30 September 2019	2020/21
<b>KPI Housing production <sup>[1]</sup></b> <b>01</b> - Number of PRH/GSH flats completed - Number of Other SSFs completed - GFA of retail properties completed (m <sup>2</sup> ) - Car/ lorry parking spaces completed	13 800  4 400  23 200  840	PRH/GSH flats: 2 500  Other SSFs: 1 700  17 400  320	PRH/GSH flats: 6 100  Other SSFs: 6 800  15 800  520
<b>KPI Average development</b> <b>02</b> lead time for typical PHCP projects with site formation by other departments	60 months	59.6 months	60 months
<b>KPI Slippage in project</b> <b>03</b> completion - Number of completed projects within the year exceeding 10% slippage	Not more than one piling and one building contract	Bldg : 1 Piling : 0	Not more than one piling and one building contract

[1] Figures rounded to the nearest hundred for flat production and retail provision, and to the nearest ten for car/lorry parking spaces.

KPIs	Targets		
	2019/20	Position as at 30 September 2019	2020/21
<ul style="list-style-type: none"> <li>- Average slippage as a percentage of original contract periods for projects completed within the year</li> </ul>	Not exceeding 10%	Bldg : 1.61% Piling : 0.58%	Not exceeding 10%
<b>KPI Average construction 04 cost for superstructure</b> <ul style="list-style-type: none"> <li>- Average construction cost per m<sup>2</sup> CFA for the superstructure of PRH/ GSH</li> <li>- Average construction cost per m<sup>2</sup> CFA for the superstructure of Other SSF blocks</li> </ul>	Not exceeding \$13,390/m <sup>2</sup>	\$12,410/m <sup>2</sup>	Not exceeding \$13,540/m <sup>2</sup>
<b>KPI Cost variation 05</b> <ul style="list-style-type: none"> <li>- Number of piling and building contracts exceeding original contract sum or revised contract value approved under Delegated Financial Authority (excluding contract price fluctuations) for contracts completed within the year</li> </ul>	Not more than one piling and one building contract	Pil : 0 Bldg : 0	Not more than one piling and one building contract

KPIs	Targets		
	2019/20	Position as at 30 September 2019	2020/21
- Average amount of variation works <sup>[2]</sup> as a percentage of original contract sums or revised contract value approved under Delegated Financial Authority for piling and building contracts completed within the year	Not exceeding Pil : 5% Bldg : 2.5%	Pil : 1.6% Bldg : 2.0%	Not exceeding Pil : 5% Bldg : 2.5%
KPI Average number of 06 defects per flat at handover to tenants/ owners for flats completed within the year	Not exceeding 0.7 per flat	Less than 0.1	Not exceeding 0.7 per flat
KPI Customer satisfaction 07 index	Not less than 80%	89.9%	Not less than 80%
KPI Average number of 08 customer complaints on building and environment per 1000 flats within six months of intake for rental estates	Not exceeding two	1.37	Not exceeding two
KPI Accident rate			
09 - Average number of accidents per 1000 workers per year for new works contract	No more than 9	6.1	No more than 9
- Number of fatal accident for new works contract	0	0	0

[2] Exclude unforeseen contract variations not initiated by project team.

KPIs	Targets		
	2019/20	Position as at 30 September 2019	2020/21
<p>KPI Energy Consumption 10</p> <ul style="list-style-type: none"> <li>- Average energy consumption of building services installations in communal areas of domestic blocks designed within the year</li>   <li>- Average energy consumption of building services installations in communal areas of existing domestic blocks</li> </ul>	<p>Not exceeding 24 kWh/m<sup>2</sup>/ Annum</p> <p>Not exceeding 620kWh/Flat/ Annum</p>	<p>19.74 kWh/m<sup>2</sup>/ Annum</p> <p>This component of the KPI measures the annual average of actual consumption. As only the first half of the financial year has elapsed, the result will be reported after year-end.</p>	<p>Not exceeding 23.5 kWh/m<sup>2</sup>/ Annum</p> <p>Not exceeding 610kWh/Flat/ Annum</p>

#### **IV. RISK MANAGEMENT**

8. We conducted a risk assessment and identified 14 key risk factors that may jeopardise the implementation of Development and Construction activities. The Programme of Activities has been drawn up to include measures to mitigate the risks identified and to reduce their likely impact. Details are set out as follows –

**(a) Key Risk Factor 1 – Availability of suitable and adequate land supply (High Impact and High Probability)**

Timely and adequate supply of suitable land, including timely delivery in land resumption, clearance and provision of infrastructure, is of utmost importance to meeting the scheduled public housing production target. In face of land shortage but competing demand for land for use by other Government bureaux and departments, we continued to identify sites in a suitable condition to expedite flat production, facilitate and advance the preparation of suitable land for development and make the best use of the available land by increasing the plot ratios and relax building height and non-building areas of suitable public housing development sites (KA02). We will explore the feasibility of redeveloping its factory estates for public housing use (KA01). We also explore and implement initiatives to expedite construction (KA05), as well as identify aged estates for redevelopment to maximise development potential (KA14);

**(b) Key Risk Factor 2 – Timely availability of sites for construction (High Impact and High Probability)**

We faced challenges in obtaining sites for timely commencement of construction work due to political factor and public objection. To avoid the consequential delay to flat production, we monitor the town planning and associated processes (KA03) and public objections (KA04) which affect housing development. Moreover, we also proactively engage the community in the delivery process to obtain feedback and nurture social interaction and cohesion (KA11);

**(c) Key Risk Factor 3 – Community support for housing development (High Impact and High Probability)**

Political factor and public objection against public housing development and re-zoning of land for public housing development have been growing factors that hinder timely public housing production in recent years. We will continue to conduct community engagement activities to present development proposals, obtain feedback on the planning and design of projects and to enhance the public's understanding of public housing design, development process and

constraint, as well as to nurture social interaction and cohesion (KA11);

**(d) Key Risk Factor 4 – Timely availability of funding for associated public works** (High Impact and High Probability)

Due to land shortage but competing demand for land by other Government bureaux and departments, some public facilities and other associated public works built with government funds will inevitably be included in HA's development. Political factor and public objection against the funding approval of these related works have also caused disruption to public housing production. We will expedite the provision of formed sites and infrastructure for public housing sites, including securing necessary funding from the Government (KA02), so as to mitigate these impacts;

**(e) Key Risk Factor 5 – Safety performance of contractors** (High Impact and High Probability)

The aforementioned problems of inadequate managerial and supervisory resources for proper work, safety planning and monitoring, lack of skilled labour, aging workforce, together with the mismatch of skills of new recruit also pose risks to the safety of site workers and site staff. It not only causes accidents and fatality at construction sites, delay to programme but also tarnishes HA's image. We will continue the promotion and monitoring of site safety in specific areas and by organising forum, seminars, training programme, and safety website, monitor the Pay for Safety, Environment and Hygiene Scheme and Independent Safety Audit System and implement Surprise Site Inspection Programme in new works contracts and surprise checks for safety in M&I contracts (KA13), in addition to applying BIM for work sequence visualisation to enhance construction safety (KA17);

**(f) Key Risk Factor 6 – Timely completion and quality assurance of construction works** (High Impact and High Probability)

All the above factors together, also pose risks to timely completion and quality of construction works which not only hinder new flats intake in the short term but also affect tenants' safety, health and convenience in the long term. We will therefore continuously enhance the specification, inspection and testing procedures for all critical site works, and implement the third party audit of Contractor's Quality Control System and product certification (KA07). To expedite the construction of housing units, we continued to explore and implement new initiatives such as use standardised precast elements more widely (KA05), liaise and partner with stakeholders (KA11), step up training and coaching to new-comers (KA13) and employ technology like wider use of BIM and RFID (KA17);

**(g) Key Risk Factor 7 – Quality assurance for fresh water inside service (High Impact and Medium Probability)**

To achieve quality assurance, we promulgated the new/ revised Specification for commissioning, inspection and testing procedures for the newly installed fresh water inside services (KA07);

**(h) Key Risk Factor 8 – Quality assurance for materials of all critical site works and installations (High Impact and Medium Probability)**

We also extend the quality assurance for materials to all critical site works and installations. In addition to incorporating the result of risk assessment of building materials into the enhanced quality control system, we implement measures like implementing the requirement for the main contractors to conduct risk assessment of building materials according to the Quality Control System and engaging consultant for a comprehensive review (KA07);

**(i) Key Risk Factor 9 – Capacity, capability, adequacy and training of works-related human resources (Medium Impact and Medium Probability)**

We anticipate that the lack of skilled labour, aging workforce and inadequate managerial, supervisory and technical support will continue to be problems that we need to face in the coming year. They will not only jeopardise site safety, production programme and works quality but also add to HA's professional and site staff's workload in terms of site supervision. We will continue to tackle these problems with wider use of precast components (KA05), liaise and partner with stakeholders to explore and drive new initiatives in such areas as construction method and project programming (KA10), implement quality management systems (KA13) and also step up training and coaching to new-comers (KA13);

**(j) Key Risk Factor 10 – Market trend of construction cost (Medium Impact and Medium Probability)**

To ensure proper use of public money, we keep track of tender price movement and market prices of construction materials and labour. We will also continue to improve cost-effectiveness through "Lean Design and Construction", monitor construction cost trend and seek approval to adjust project budgets in a timely manner and monitor cost per flat against alert levels (KA16);

**(k) Key Risk Factor 11 – Research and pilot of new construction initiatives**  
(Low Impact and Medium Probability)

Unsatisfactory performance or effectiveness of new construction initiatives, materials and technologies may cause low cost efficiency. We therefore implement new initiatives progressively with pilot projects as well as review and enhance before full implementation (KA10).

**(l) Key Risk Factor 12 – Site security** (High Impact and Low Probability)

Theft of plant and materials and vandalism and wilful damage to completed works and components and resulting rectification works cause waste, delay and heavier workload on HA professional and site staff. We therefore improve site security with measures like installing CCTV cameras at construction sites (KA17);

**(m) Key Risk Factor 13 – Protests of local concern groups at construction sites and the redevelopment of aged estates** (High Impact and Low Probability)

Time-consuming identification/ availability of suitable and adequate rehousing resources, stringent planning and urban design requirements for new development and redevelopment estates, together with objection by affected tenants, locals and interest groups might prolong or delay redevelopment plan for potential aged estates. We will continue to identify sites in a suitable condition to expedite flat production, facilitate and advance the preparation of suitable land for development and make the best use of the available land by increasing the plot ratios and relax building height and non-building areas of suitable public housing development sites (KA02). We also identify aged estates for redevelopment to maximise development potential (KA14) while monitoring public objections (KA04) and proactively engage the community in the delivery process to obtain feedback and nurture social interaction and cohesion (KA11); and

**(n) Key Risk Factor 14 – Availability and condition of plant from Contractors cost** (Medium Impact and Low Probability)

Unavailability or inadequacy of plant required for or best suit intended work, and inadequate qualified plant operators may lead to failure in complying with specified standards, accidents and fatality and delay to site progress. We therefore extend the use of precast components (KA05), liaise and partner with stakeholders to explore and drive new initiatives in construction method and project programming (KA10) and enhance surveillance checks under the safety management system for construction sites (KA13).

## **V. BUDGETS AND FINANCIAL FORECASTS**

9. The construction expenditure of the 2019/20 Revised Budget, 2020/21 Proposed Budget and 2021/22 to 2023/24 Financial Forecasts are shown in **Appendix** (Page 1). The budgets and forecasts are based on the June 2019 Construction Cost Yardstick and the tender price adjustment endorsed by the Building Committee in June 2019, and the June 2019 HCP with the latest significant construction programme adjustments for a few projects.

10. The 2019/20 Revised Budget is projected at \$17,779M, which is \$1,871M or 9.5% lower than the 2019/20 Approved Budget of \$19,650M. This is mainly due to lower awarded sums of some foundation and building contracts and construction programme adjustments for some works contracts.

11. The 2020/21 Proposed Budget is projected at \$22,025M, which is \$4,246 or 23.9% higher than the 2019/20 Revised Budget of \$17,779M. The higher construction expenditure is mainly due to the number of flat production according to the HCP and more foundation works to be commenced in the year.

12. The 2021/22, 2022/23 and 2023/24 Financial Forecasts are projected at \$22,928M, \$24,941M and \$28,074M respectively. The changes in the projected construction expenditure is mainly due to the assumed tender price inflation and the number of flat production according to the HCP.

13. Budgeted expenditure on computer and equipment for the five-year period from 2019/20 to 2023/24 is provided at **Appendix** (Page 2).

**2019/20 to 2023/24 Budgets and Forecasts  
Construction Expenditure**

	Actual 2018/19 \$M	Approved Budget 2019/20 \$M	Revised Budget 2019/20 \$M	Proposed Budget 2020/21 \$M	Forecast 2021/22 \$M	Forecast 2022/23 \$M	Forecast 2023/24 \$M
1. Housing Authority Projects <sup>(Note 1)</sup>							
(a) Public Rental Housing / Green Form Subsidised Home Ownership Scheme	9,807	9,487	8,768	11,636	12,483	13,108	13,788
(b) Other Subsidised Sale Flats	5,255	4,374	3,548	4,454	4,393	5,228	7,539
(c) Commercial Centres and Others	1,172	1,439	1,334	1,845	1,993	2,145	2,241
Sub-total (1)	16,234	15,300	13,650	17,935	18,869	20,481	23,568
2. Government Projects Funded by HA	43	65	66	14	7	1	- <sup>(Note 2)</sup>
Sub-total (1) + (2)	16,277	15,365	13,716	17,949	18,876	20,482	23,568
3. Government Funded Projects	785	1,712	1,436	1,288	1,201	1,454	1,356
Sub-total (1) + (2) + (3)	17,062	17,077	15,152	19,237	20,077	21,936	24,924
4. Overheads charged to Construction Projects							
Overheads							
(a) Pre-SPC Approval Stage	217	233	249	263	271	286	299
(b) Post-SPC Approval Stage							
- Direct Cost	1,625	1,781	1,810	1,914	1,973	2,080	2,176
- Indirect Cost	477	520	539	570	587	619	648
	2,319	2,534	2,598	2,747	2,831	2,985	3,123
Other Capitalised Expenses	13	39	29	41	20	20	27
Sub-total (4)	2,332	2,573	2,627	2,788	2,851	3,005	3,150
Total Construction Expenditure (1)+(2)+(3)+(4)	19,394	19,650	17,779	22,025	22,928	24,941	28,074

## Notes:

1. Including block vote budgets for advance works and services (enabling works) such as civil engineering and land surveying, site investigation and geotechnical studies and others as follows:

	Approved Budget 2019/20 \$M	Revised Budget 2019/20 \$M	Proposed Budget 2020/21 \$M
Civil engineering and land surveying work	67	44	44
Site investigation and geotechnical studies works	88	28	45
Miscellaneous advance works	203	64	103
	358	136	192

2. Less than \$1M.

**2019/20 to 2023/24 Budgets and Forecasts**  
**Capital Expenditure**

	Actual 2018/19 \$M	Approved Budget 2019/20 \$M	Revised Budget 2019/20 \$M	Proposed Budget 2020/21 \$M	Forecast 2021/22 \$M	Forecast 2022/23 \$M	Forecast 2023/24 \$M
Computer and Equipment	17	42	18	39	38	19	18

**Memorandum for the Building Committee of  
The Hong Kong Housing Authority**

**Programme of Activities for  
Building Control in 2020/21**

**PURPOSE**

This paper seeks Members' endorsement of the 2020/21 Programme of Activities for Building Control (PoA).

**RECOMMENDATION**

----- 2. We **recommend** Members endorse the 2020/21 PoA at **Annex** for incorporation in the Housing Authority (HA)'s 2020/21 Corporate Plan to be submitted to HA in January 2020 and the declassification of this paper after HA's endorsement of the 2020/21 Corporate Plan in January 2020.

**BACKGROUND**

3. The function of the Independent Checking Unit (ICU) straddles statutory duties mandated under the Buildings Ordinance (Cap. 123) (BO) for which the Government is accountable, and administrative building control arising from the HA's policy. The proposed PoA focuses on the latter, i.e. on the administrative control function.

4. Besides, the Lift Inspection Focus Team is responsible for monitoring the use and operation of HA's lifts and escalators for risk management and enhancing the compliance with the Lifts and Escalators Ordinance (Cap. 618).

## **PROGRAMME OF ACTIVITIES**

5. As part of the corporate planning process, a 2020/21 PoA has been prepared. This is to facilitate the development of a coherent and effective set of policies and programmes to achieve the strategic objectives as presented in the HA Brainstorming Session held on 1 November 2019, incorporating the Strategic Plan endorsed by the Strategic Planning Committee (SPC) vide Paper No. SPC 33/2019 on 21 October 2019.

6. In accordance with the approved HA 2020/21 Strategic Plan, the four themes for the HA's 2020/21 Corporate Plan are as follows –

**Theme 1:** Providing quality homes;

**Theme 2:** Promoting sustainable living;

**Theme 3:** Optimising and rationalising the use of public resources;  
and

**Theme 4:** Enhancing the attractiveness of commercial properties.

7. In preparing the PoA, we have taken into consideration Members' comments made in the HA Brainstorming Session and the Building Committee Discussion Session held on 1 and 21 November 2019 respectively.

## **PROGRAMME OBJECTIVES**

8. With a view to realizing the vision, mission, core values, themes and corporate strategic objectives of the 2020/21 Corporate Plan, three programme objectives have been developed for the work of Building Control, focusing mainly on the first three themes in the Corporate Plan as follows –

<b>Theme</b>	<b>Programme Objective</b>
<b>Theme 1:</b> Providing Quality Homes	<b>Objective 1:</b> Maintaining compliance with statutory requirements in new development projects and existing properties
<b>Theme 2 :</b> Promoting Sustainable Living	<b>Objective 2:</b> Enhancing awareness on health, environment and safety, and promoting relevant practices in the HA's workplace
<b>Theme 3 :</b> Optimising and Rationalising the Use of Public Resources	<b>Objective 3:</b> Making effective and wider application of information technology (IT) to support business initiatives and enhance efficiency

## **KEY ACTIVITIES**

9. In 2020/21, we plan to continue the four key activities (KAs) with ten performance goals (PGs) for Building Control. These KAs and the corresponding targets are detailed at Section II of PoA.

## **PERFORMANCE MEASURES**

10. Same as for 2019/20, seven key performance indicators (KPIs) to measure the business performance are drawn up for 2020/21. These KPIs are defined in Section III of PoA.

## **RISK MANAGEMENT**

11. We have conducted a risk assessment in formulating the KAs and KPIs. The overall risk in implementing the Building Control activities is low. More details could be found in Section IV of PoA.

## **BUDGETS AND FINANCIAL FORECASTS**

12. The 2019/20 Revised Budget, 2020/21 Proposed Budget and 2021/22 to 2023/24 Financial Forecasts are set out at Section V of PoA. The 2019/20 Revised Budget of \$220M is slightly lower than the 2019/20 Approved Budget of \$225M by \$5M, mainly owing to decrease in personal emoluments and capital expenditure on improvement works. The 2020/21 Proposed Budget of \$243M is higher than the 2019/20 Revised Budget of \$220M by \$23M, mainly owing to increase in personal emoluments and capital expenditure on computer expenditure. The 2021/22, 2022/23 and 2023/24 Financial Forecasts are projected at \$248M, \$251M and \$263M respectively.

## **PUBLICITY**

13. No publicity will be arranged for this paper. We will include the 2020/21 PoA in HA's 2020/21 Corporate Plan upon Members' endorsement. The 2020/21 Corporate Plan will be published after HA's approval.

## **DECLASSIFICATION**

14. We propose that this paper be declassified upon Members' endorsement of the 2020/21 PoA in paragraph 2 above and HA's endorsement of the 2020/21 Corporate Plan at its meeting in January 2020. Upon declassification, the paper will be made available to the public in the Housing Department (HD)'s library, at HA/HD website and through the Departmental Access to Information Officer.

## **PRESUMPTION**

15. It is not thought that Members will object to the recommendation at paragraph 2 above. If no objection or request for discussion is received by the Committee's Secretary **by noon on 27 December 2019**, Members' endorsement will be assumed and appropriate actions will be taken.

Miss Angie AU YEUNG  
Secretary, Building Committee  
Tel. No. : 2761 7465  
Fax No. : 2761 0019

File Ref. : HD(ICU)5-2/ICUG/1-55/5  
(Office of the Permanent Secretary for Transport and  
Housing (Housing))  
Date of Issue : 12 December 2019  
Date of Revision : 13 December 2019

**PROGRAMME OF ACTIVITIES**  
**FOR**  
**BUILDING CONTROL**  
**2020/21**

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## I. INTRODUCTION

This Programme of Activities (PoA) presents the themes, objectives, key activities (KAs) and key performance indicators (KPIs) formulated for Building Control for 2020/21, together with the associated budgets.

2. We have reviewed the mid-year performance of the 2019/20 PoA (Paper No. **BC 71/2019** refers). Up to 30 September 2019, all the four KAs were on-going.

3. In line with the statutory objectives and functions of the Housing Authority (HA), the following four themes are derived in HA's 2020/21 Corporate Plan (CP) –

Theme 1: Providing quality homes;

Theme 2: Promoting sustainable living;

Theme 3: Optimising and rationalising the use of public resources; and

Theme 4: Enhancing the attractiveness of commercial properties.

4. Our direction of work and efforts in 2020/21 will focus mainly on the first three themes and the programme objectives for Building Control are as follows –

<b>Theme</b>	<b>Programme Objective</b>
<b>Theme 1:</b> Providing Quality Homes	<b>Objective 1:</b> Maintaining compliance with statutory requirements in new development projects and existing properties
<b>Theme 2 :</b> Promoting Sustainable Living	<b>Objective 2:</b> Enhancing awareness on health, environment and safety, and promoting relevant practices in the HA's workplace
<b>Theme 3 :</b> Optimising and Rationalising the Use of Public Resources	<b>Objective 3:</b> Making effective and wider application of information technology (IT) to support business initiatives and enhance efficiency

## II. KEY ACTIVITIES

5. In 2020/21, we plan to continue the following KAs to take forward the main work directions and themes of HA, and our programme objectives –

### On-going Initiatives

#### Theme 1: Providing Quality Homes

<b>Objective</b>		
<b>Key Activity (KA)</b>	<b>Target</b>	
	<b>Performance Goal (PG)</b>	<b>Time Goal</b>
<b>Objective 1</b>		
<b>Maintaining compliance with statutory requirements in new development projects and existing properties</b>		
<b>KA01</b> To implement building control in the design, construction, completion and post-occupation stages for the buildings developed by HA.	<b>PG01</b> To continuously implement building control measures with reference to the practices of the Buildings Department on HA's new construction projects.	On-going
	<b>PG02</b> To continuously process submissions for Alteration and Addition Works within the pledge period, and submissions for Minor Works, to HA properties with reference to the practices of the Buildings Department.  To continuously give advice to the Licensing Authorities within pledge periods.	On-going
	<b>PG03</b> To continuously issue Quarterly Site Monitoring Reports to facilitate HA's risk management of new developments and Alteration and Addition Works, and conduct and/or participate in joint experience sharing sessions with new works Audit Team and Project Teams to explain building control feedback.	On-going

<b>Objective</b>		
<b>Key Activity (KA)</b>	<b>Target</b>	
	<b>Performance Goal (PG)</b>	<b>Time Goal</b>
<p>KA02 To monitor the use and operation of the lifts and escalators managed by HA.</p>	<p>PG04 To continuously monitor the use and operation of lifts and escalators of HA to contain risks and enhance compliance with the Lifts and Escalators Ordinance by performing detailed testing to new lift and escalator installations as well as existing lifts and escalators which have undergone major alterations, carrying out audit checks on existing lifts and escalators and on Housing Department's personnel (in respect of their duties as the Responsible Persons under the said Ordinance), and conducting investigations into accidents involving lifts or escalators.</p>	<p>On-going</p>

## **Theme 2: Promoting Sustainable Living**

<b>Objective</b>		
<b>Key Activity (KA)</b>	<b>Target</b>	
	<b>Performance Goal (PG)</b>	<b>Time Goal</b>
<p><b>Objective 2</b> <b>Enhancing awareness on health, environment and safety, and promoting relevant practices in the HA's workplace</b></p>		
<p>KA03 To monitor and enhance the quality of development and environment, as well as health and safety at HA's development and construction workplaces, and improve the environmental, social and economic aspects of sustainability.</p>	<p>PG05 To continuously implement and maintain ISO 9001 and ISO 14001 in the management and operation of building control for enhancing sustainability.</p>	<p>On-going</p>

### Theme 3: Optimising and Rationalising the Use of Public Resources

<b>Objective</b>		
<b>Key Activity (KA)</b>	<b>Target</b>	
	<b>Performance Goal (PG)</b>	<b>Time Goal</b>
<b>Objective 3</b> <b>Making effective and wider application of information technology (IT) to support business initiatives and enhance efficiency</b>		
<b>KA04</b> To implement or enhance IT systems to support the evolving business requirements, and to improve the overall operational efficiency and IT security.	<b>PG06</b> To continuously operate and implement necessary enhancements for the Housing Electronic Plan Submission System (HePlan) in the Independent Checking Unit (ICU).	On-going
	<b>PG07</b> To continuously operate the e-transfer of structural, building, geotechnical documents and supervision plans submissions to ICU until the submissions of all projects have been submitted via HePlan in ICU.	On-going
	<b>PG08</b> To continuously operate and implement necessary enhancements for electronic viewing of plans by the public using the Housing Electronic Building Records Online System (HeBROS) in ICU.	On-going
	<b>PG09</b> To continuously develop ICU Site Mobile System (ICUSMS) with Mobile Apps for more efficient site inspection reporting by ICU staff.	On-going
	<b>PG10</b> To continuously explore the feasibility and propose practical approach in using the Building Information Modeling (BIM) system for the processing of new development works submissions.	On-going

### III. KEY PERFORMANCE INDICATORS

6. Same as last year, seven KPIs to measure business performance were drawn up. The targets for these KPIs are generally in line with those of the Buildings Department.

Key Performance Indicator		Target for 2019/20	Position as at 30.9.2019	Target for 2020/21
KPI 01	Processing plans for new construction projects within 60/40/30 days according to different submission natures (%)	90%	99%	90%
KPI 02	Processing applications for consent to commence new construction projects within 15 days (%)	90%	99%	90%
KPI 03	Processing applications for occupation permits for new construction projects within 15 days (%)	100%	100%	100%
KPI 04	Processing plans for alteration and addition works within 60 days (%)	90%	99%	90%
KPI 05	Processing re-submissions for alteration and addition works within 30 days (%)	90%	97%	90%
KPI 06	Processing applications for consent to commence alteration and addition works within 28 days (%)	90%	98%	90%
KPI 07	Advising on restaurant licence applications under the Application Vetting Panel System within 12 working days (%)	98%	99%	98%

### IV. RISK MANAGEMENT

7. The risk for the PGs is low save a potential increase in the number of new construction sites and upsurge of licensing applications may have resources impact on other building control activities. Corresponding measures will be devised to minimise the impact when the risks emerge.

**V. BUDGETS AND FINANCIAL FORECASTS**

8. The 2019/20 Revised Budget, 2020/21 Proposed Budget and 2021/22 to 2023/24 Financial Forecasts are shown below.

**2019/20 to 2023/24 Budgets and Forecasts**  
**Building Control (by Independent Checking Unit)<sup>[1]</sup>**

	Actual 2018/19 \$M	Approved Budget 2019/20 \$M	Revised Budget 2019/20 \$M	Proposed Budget 2020/21 \$M	Forecast 2021/22 \$M	Forecast 2022/23 \$M	Forecast 2023/24 \$M
<b>RECURRENT EXPENDITURE</b>							
Personal Emoluments	174	200	196	211	222	229	240
Maintenance & Improvements	2	1	2	1	1	1	1
Other Recurrent Expenditure	14	17	17	17	20	20	21
	<u>190</u>	<u>218</u>	<u>215</u>	<u>229</u>	<u>243</u>	<u>250</u>	<u>262</u>
<b>CAPITAL EXPENDITURE</b>							
Computer Expenditure	3	5	5	12	3	- [2]	-
Improvement Works	-	2	-	2	2	1 [2]	1
	<u>3</u>	<u>7</u>	<u>5</u>	<u>14</u>	<u>5</u>	<u>1</u>	<u>1</u>
<b>TOTAL</b>	<u>193</u>	<u>225</u>	<u>220</u>	<u>243</u>	<u>248</u>	<u>251</u>	<u>263</u>

[1] The above figures comprise the budgets and forecasts for the Independent Checking Unit and the Lift Inspection Focus Team. Expenditure funded by the Government is not included.

[2] Less than \$1M.

**Memorandum for the Tender Committee of  
the Hong Kong Housing Authority**

**Programme of Activities for Procurement in 2020/21**

**PURPOSE**

This paper seeks Members' endorsement of the Programme of Activities for Procurement in 2020/21.

**RECOMMENDATION**

-----  
2. We **recommend** Members endorse the Programme of Activities for Procurement in 2020/21 (**Annex** refers) for incorporation in the Housing Authority (HA) Corporate Plan to be submitted to HA in January 2020.

**PROGRAMME OF ACTIVITIES**

3. As part of the corporate planning process, a Programme of Activities for Procurement in 2020/21 is prepared. This is to put a coherent and effective set of policies and programmes in place to achieve the strategic objectives as presented in the HA Brainstorming Session held on 1 November 2019, incorporating the Strategic Plan endorsed by the Strategic Planning Committee (SPC) under Paper No. **SPC 33/2019** on 17 October 2019.

4. In accordance with the approved HA 2020/21 Strategic Plan, the four themes for the HA 2020/21 Corporate Plan are as follows –

- (a) Providing quality homes;
- (b) Promoting sustainable living;
- (c) Optimising and rationalising the use of public resources; and
- (d) Enhancing the attractiveness of commercial properties.

5. In preparing the Programme of Activities, we have taken into consideration Members' comments given in the HA Brainstorming Session and the TC Discussion Session held respectively on 1 November 2019 and 14 November 2019.

## **PROGRAMME OBJECTIVES**

6. With a view to realising the vision, mission, core values, themes and corporate strategic objectives of the HA Corporate Plan, six Programme Objectives have been developed for the work of Procurement, focusing mainly on three themes as set out below –

<b>Themes</b>	<b>Programme Objectives</b>
Providing Quality Homes	<ol style="list-style-type: none"><li>1. Planning and designing new development for a green and healthy environment, conserving resources, and promoting green procurement;</li><li>2. Enhancing building standards through research, management system and liaison with stakeholders;</li></ol>
Promoting sustainable living	<ol style="list-style-type: none"><li>3. Enhancing community engagement throughout the delivery of development projects and promoting partnering with business partners;</li><li>4. Enhancing awareness on health, environment and safety, and promoting relevant practices in HA's workplace;</li></ol>
Optimising and rationalising the use of public resources	<ol style="list-style-type: none"><li>5. Maintaining a healthy procurement environment and enhancing value-for-money through procurement practices; and</li><li>6. Making effective and wider application of Information Technology to support business initiatives and enhance efficiency.</li></ol>

## **KEY ACTIVITIES**

7. In 2020/21, we plan to rollout seven Key Activities (KAs) with 30 Performance Goals (PGs) for Procurement. These Key Activities and Targets are detailed in Section II of **Annex**.

## **PERFORMANCE MEASURES**

8. To keep track of the progress in achieving our programme objectives and implementing KAs, we have drawn up five key performance indicators (KPIs) to facilitate performance management. These KPIs are the same indicators as those for last year with updating of the targets as appropriate. They are defined in Section III of **Annex**.

## **RISK MANAGEMENT**

9. A risk assessment was conducted to identify the factors that may jeopardise the implementation of Procurement activities, safety performance of contractors and timely completion and quality assurance of construction works, as set out at Section IV of **Annex**. The Programme of Activities has been drawn up to include measures to mitigate the risks identified and to reduce their likely impact.

## **BUDGETS AND FINANCIAL FORECASTS**

10. The 2019/20 Revised Budget, 2020/21 Proposed Budget and 2021/22 to 2023/24 Financial Forecasts are set out at Section V of **Annex**.

11. The 2019/20 Revised Budget for the procurement operation is projected at \$126M, which is lower than the 2019/20 Approved Budget of \$134M by \$8M or 6.3%, mainly due to lower spending on “other recurrent expenditure”.

12. The 2020/21 Proposed Budget is projected at \$127M, which is slightly higher than the 2019/20 Revised Budget of \$126M by \$1M or 0.8%, mainly due to higher personal emoluments.

13. The 2021/22, 2022/23 and 2023/24 Financial Forecasts are projected at \$134M, \$147M and \$141M respectively.

#### **DECLASSIFICATION**

14. We propose that this paper be declassified upon the approval of HA's 2020/21 Corporate Plan at the HA meeting to be held on 20 January 2020.

#### **PRESUMPTION**

15. Further to the Discussion Session on 14 November 2019, it is not thought that Members will object to the recommendation at paragraph 2 above. If no objection or request for discussion is received by the Committee's Secretary **by noon on 27 December 2019**, Members' approval will be presumed.

Lennon WONG  
Secretary, Tender Committee  
Tel. No.: 2761 5033  
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(Development and Construction Division)  
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**PROGRAMME OF ACTIVITIES**

**FOR**

**PROCUREMENT**

**2020/21**

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## **I. INTRODUCTION**

This Programme of Activities presents the Themes, Programme Objectives and Key Activities for Procurement in 2020/21, together with the associated budgets.

2. We have reviewed the mid-year performance of the 2019/20 Programme of Activities (Paper No. **TC 101/2019** refers). Up to 30 September 2019, all nine key activities were on-going. Out of five Key Performance Indicators, four targets were met, and one was in progress.

3. We have adopted a thematic approach such that Key Activities with similar objectives are grouped together. Such a purpose-driven thematic approach has proven to be advantageous in facilitating Members' consideration of the proposed Key Activities and improving the presentation of the yearly plan. Taking account of the impact of the economic conditions, the current main directions of our work, the statutory objectives and functions of the HA, as well as HA Members' suggestions on HA's focuses as reflected in the HA's Brainstorming Session held on 1 November 2019, the 2020/21 Corporate Plan focuses on four themes –

- (a) Providing quality homes;
- (b) Promoting sustainable living;
- (c) Optimising and rationalising the use of public resources; and
- (d) Enhancing the attractiveness of commercial properties.

4. We continue with our vision, mission and core values of –

### **Vision**

- To provide affordable rental housing to low-income families with housing needs, and to help low to middle-income families gain access to subsidised home ownership.

### **Mission**

- To provide affordable quality housing, management, maintenance and other housing related services to meet the needs of our customers in a proactive and caring manner.
- To provide an age-friendly and barrier-free estate environment to address the needs of residents of different ages and physical ability.

- To ensure cost-effective and rational use of public resources in service delivery and allocation of housing assistance in an open and equitable manner.
- To maintain a competent, dedicated and performance-oriented team.

**Core values**

- Caring, Customer-focused, Creative, Committed.

5. With a view to realising the above vision, mission, core values of the HA for 2020/21, six Programme Objectives have been developed for the work of Procurement, focusing mainly on three themes as below –

<b>Themes</b>	<b>Programme Objectives</b>
Providing Quality Homes	1. Planning and designing new development for a green and healthy environment, conserving resources, and promoting green procurement;  2. Enhancing building standards through research, management system and liaison with stakeholders;
Promoting sustainable living	3. Enhancing community engagement throughout the delivery of development projects and promoting partnering with business partners;  4. Enhancing awareness on health, environment and safety, and promoting relevant practices in HA's workplace;
Optimising and rationalising the use of public resources	5. Maintaining a healthy procurement environment and enhancing value-for-money through procurement practices; and  6. Making effective and wider application of IT to support business initiatives and enhance efficiency.

## II. KEY ACTIVITIES

6. In 2020/21, we plan to roll out the following Key Activities for taking forward the main work directions and themes of the HA, and our business objectives are –

### On-going Initiatives

#### Theme 1 : Providing Quality Homes

Objective		
Key Activities	Target	
	Performance Goal <sup>Note</sup>	Time Goal
Objective (1) Planning and designing new development for a green and healthy environment, conserving resources, and promoting green procurement.		
<u>KA01</u> To review and enhance the quality management system and specifications in respect of assuring quality for all critical site works and installations for capital works new works projects, including risk assessment and site inspection procedures in respect of assuring proper use of materials.	<u>PG01*</u> To continuously implement the requirement for contractors to conduct third party audit on their Quality Control System in HA's capital works new works projects.	On-going
	<u>PG02*</u> To continuously implement the enhanced Quality Control System on material compliance checking and monitoring (including enhancements to contract requirements, specifications, technical guides and site inspection procedures) arising from the outcome of the risk assessment of building materials (architectural materials (1 000+ nos.), building services materials (600+ nos.) and structural materials (60+ nos.)) and implement the requirements for main contractors to conduct risk assessment of building materials according to the Quality Control System.	On-going
	<u>PG03*</u> To continuously review and update the Specification Library under a consultancy agreement.	On-going

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Note Performance Goals marked “ \* ” are also applicable to the Programme of Activities for Development and Construction.

## Theme 1 : Providing Quality Homes

<b>Objective</b>		
<b>Key Activities</b>	<b>Target</b>	
	<b>Performance Goal</b> <sup>Note</sup>	<b>Time Goal</b>
<u>KA02</u> To promote and streamline “green” procurement, including the use of “green” materials, "green" construction methods, resource conservation technologies, the simultaneous and integrated application of different environment-friendly material labelling schemes, and energy conservation.	<u>PG04</u> To explore the incorporation of more green elements in the specifications for new works, maintenance and improvement (M&I) works and general goods and services.	On-going
	<u>PG05*</u> To continuously implement BEAM Plus specification clauses in all new works projects, and register selected ones with the Hong Kong Green Building Council for assessment and certification in order to obtain GFA concession and increase development potential.	On-going
	<u>PG06*</u> To continuously implement the specification of mandatory use of B5 bio-diesel as fuel for all non-road based construction machinery on Site.	On-going
<b>Objective (2)</b> Planning and designing new development for a green and healthy environment, conserving resources, and promoting green procurement.		
<u>KA03</u> To improve building standards, quality and productivity in construction by conducting research on building design and construction, implementing a quality management system and product certification, as well as liaising with industry stakeholders.	<u>PG07*</u> To continuously implement product certification in new works projects to effect upstream control of product quality in manufacturing factories.	On-going

## Theme 2 : Promoting Sustainable Living

<b>Objective</b>		
<b>Key Activities</b>	<b>Target</b>	
	<b>Performance Goal</b> <sup>Note</sup>	<b>Time Goal</b>
<b>Objective (3)</b> Enhancing community engagement throughout the delivery of development projects and promoting partnering with business partners.		
<u>KA04</u> To enhance the service standards and strengthen monitoring of our business partners, including contractors, sub-contractors, suppliers, consultants and service providers, and raise their awareness of corporate social responsibility and to promote partnering, such as conducting regular seminars and maintaining continuous communication in the development process of procurement initiatives.	<u>PG08</u> To continuously improve procurement practices and maintain lists of contractors, and property management services providers including – <ul style="list-style-type: none"> <li>a) To enhance tender assessment either by conducting pre-qualification and/or employing two-envelope tendering system where applicable;</li> <li>b) To implement “Statutory Declaration” for list admission and renewal of contractors and service providers;</li> <li>c) To ensure financial capability of tenderers by conducting writ search during shortlisting and tender assessment for new works projects;</li> <li>d) To implement the Preferential Tender Award System (PTAS) for District Term Contracts (DTCs); and</li> <li>e) To obtain information about the latest situation of our counterparties with on-going HA projects by conducting writ search, collecting information from the press release of relevant organisations, such as ICAC etc, on need basis when there is concern in their corporate structure, financial background or probity.</li> </ul>	On-going
	<u>PG09</u> To continuously implement the following measures in respect of enhancing the service standard and strengthening of monitoring of our business partners– <ul style="list-style-type: none"> <li>a) To review performance reporting and review mechanism for non-HA list contractors and service providers;</li> <li>b) To implement and monitor PASS in new works building, building services, piling, demolition, soft landscape and ground investigation contracts; and</li> <li>c) To implement and monitor the Maintenance Assessment Scoring System (MASS) in building maintenance contracts, and the Building Services Maintenance Assessment Scoring System (BSMASS) in BS maintenance contracts.</li> </ul>	On-going

## Theme 2 : Promoting Sustainable Living

<b>Objective</b>		
<b>Key Activities</b>	<b>Target</b>	
	<b>Performance Goal</b> <sup>Note</sup>	<b>Time Goal</b>
	<p><u>PG10</u> To continuously implement the following initiatives in respect of raising our business partners' awareness of corporate social responsibility –</p> <ul style="list-style-type: none"> <li>a) To implement Wage Monitoring System (WMS) to monitor contractors' performance in securing wage payment to workers for works contracts, services contracts, DTCs and lump sum M&amp;I contracts. Monitor and review the system for effectiveness;</li> <li>b) To maintain and enhance the consistency and standard of WMS by deploying Labour Relations Officers in relevant new works and maintenance works contracts; and</li> <li>c) To convene the "Working Group for Monitoring Wage Payment to Workers" to monitor and review the effectiveness of the system.</li> </ul>	On-going
	<p><u>PG11</u> To continuously work with industry stakeholders to –</p> <ul style="list-style-type: none"> <li>a) Monitor and review the requirements for Trade Tested Workers in new works and maintenance contracts in response to the labour supply situation in the building industry; and</li> <li>b) Monitor and review the application for the enhanced Supplementary Labour Scheme (SLS) in new works contracts.</li> </ul>	On-going
	<p><u>PG12</u> To continuously enhance stakeholders' awareness of HA's procurement principle and systems, and to conduct briefing sessions, regular seminars and experience sharing sessions for users, such as contractors and service providers on HA's list or involving in procurement of goods and services, on tender assessment systems and/or the specific contract requirements, and review its effectiveness.</p>	On-going
	<p><u>PG13</u> To continuously maintain continuous communication and encourage partnering with contractors and property management services providers on HA's list, labour unions, professional institutions, academic institutions, other public organisations and stakeholders by conducting regular meeting with business partners.</p>	On-going

## Theme 2 : Promoting Sustainable Living

<b>Objective</b>		
<b>Key Activities</b>	<b>Target</b>	
	<b>Performance Goal</b> <sup>Note</sup>	<b>Time Goal</b>
	<u>PG14</u> To continuously conduct briefing and/or debriefing sessions and/or site visits for active and wildcard contractors to disseminate HA's requirements.	On-going
<b>Objective (4)</b> Enhancing awareness on health, environment and safety, and promoting relevant practices in HA's workplace.		
<u>KA05</u> To monitor and enhance the quality of development and environment, as well as health and safety at HA's development and construction workplaces, and improve the environmental, social and economic aspects of sustainability.	<u>PG15</u> To continuously alert the works contractors of the requirement to gain accreditation with ISO 45001 within the three-year grace period from 12 March 2018, and monitor the listing requirements on safety management system, with a view to identifying further enhancement.	On-going
	<u>PG16*</u> To continuously enhance and promote safety awareness and practices of HD staff and stakeholders at construction sites by continuing to – <ol style="list-style-type: none"> <li>a) Issue safety and health alerts, organise Safety Forum, site safety seminars on topical issues, and prepare articles to disseminate messages of safety events through Housing Dimensions;</li> <li>b) Conduct Site Safety PASSPORT Training Programme for HD new works staff and require contractors to provide safety training for their works personnel and monitor that their works personnel meet the prescribed level of safety training;</li> <li>c) Maintain the online Refresher Site Safety PASSPORT Training Course for HD new works staff, and Health and Safety online courseware for maintenance works staff;</li> <li>d) Engage stakeholders to promote best practices and formulate new / revised specification requirements; and</li> <li>e) Maintain a Site Safety website with site safety information and multi-media materials.</li> </ol>	On-going

## Theme 2 : Promoting Sustainable Living

<b>Objective</b>		
<b>Key Activities</b>	<b>Target</b>	
	<b>Performance Goal</b> <sup>Note</sup>	<b>Time Goal</b>
	<p><u>PG17</u> To continuously implement the Housing Authority Safety Auditing System (HASAS) for on-going new works contracts and the Housing Authority Safety Auditing System for maintenance and improvement works (HASAS (M&amp;I)) covering major types of M&amp;I contracts, namely DTCs, Redecoration Contract, Lift Addition Contracts, Lift Modernisation Contracts, Lift Maintenance Contracts, slope maintenance term contract, term contract for monitoring and maintenance of ground anchors and horizontal drains and civil engineering improvement works contract.</p>	On-going
	<p><u>PG18*</u> To continuously work with the Occupational Safety and Health Council to implement and further develop standardised Pointing-and-Calling (指差呼稱) oral commands for use by contractors in high risk activities.</p>	On-going
	<p><u>PG19*</u> To continuously implement ISO 45001 Occupational Health and Safety Management System (OHSMS) for planned maintenance and improvement works.</p>	On-going
	<p><u>PG20*</u> To continuously implement, monitor, maintain and review the effectiveness of the following safety management system, including –</p> <ul style="list-style-type: none"> <li>a) The Integrated Pay for Safety, Environment and Hygiene Scheme for new works, the Pay for Safety Scheme for M&amp;I contracts, and surveillance checks under the Independent Safety Audit System in new works and M&amp;I contracts;</li> <li>b) Surprise Safety Inspection Programme (SSIP) in on-going new works contracts, and surprise check on safety in M&amp;I contracts to tighten vigilance on high risk operations; and</li> <li>c) The Housing Authority Safety Alert Module under the Development and Construction Site Mobile System (DCSMS) Phase 2 and the mechanism of reporting industrial accidents/incidents on new works construction sites.</li> </ul>	On-going

## Theme 2 : Promoting Sustainable Living

<b>Objective</b>		
<b>Key Activities</b>	<b>Target</b>	
	<b>Performance Goal</b> <sup>Note</sup>	<b>Time Goal</b>
	<p><u>PG21</u> To continuously enhance site work safety in lift modernisation, lift addition project and lift maintenance through surprise checks/audits by the Department’s staff, safety audit by independent organisation, and training of workers by contractors.</p>	On-going
	<p><u>PG22</u> To continuously implement training and coaching of new recruits of the industry to enhance efficiency and effectiveness of the available manpower resources, including – a) HA’s version of Construction Tradesman Collaborative Training Scheme (CTS) in HA’s new works building contracts and building services sub-contracts; and b) The training scheme for riggers/metal formwork erectors in selected new works sites.</p>	On-going
	<p><u>PG23</u> To continuously incorporate the requirement of “Designated Workers for Designated Skills” (專工專責) under the Construction Workers Registration Ordinance into new works contracts, maintenance works contracts and PASS and monitor its implementation.</p>	On-going

### Theme 3 : Optimising and Rationalising the Use of Public Resources

<b>Objective</b>		
<b>Key Activities</b>	<b>Target</b>	
	<b>Performance Goal</b> <sup>Note</sup>	<b>Time Goal</b>
<b>Objective (5)</b> Maintaining a healthy procurement environment and enhancing value-for-money through procurement practices.		
<u>KA06</u> To maintain an open, fair, transparent and cost-effective procurement environment and enhance value-for-money through procurement practices for works, services and goods.	<u>PG24</u> To continuously implement the following measures in respect of strengthening of procurement practices – <ul style="list-style-type: none"> <li>a) To apply different procurement strategies to meet the housing production target, including but not restricted to bundling of contracts for small sites and ancillary works;</li> <li>b) To review the price-to-technical ratio in the scoring system to make value-for-money and fine-tune various score-weighting mechanism for tender assessment;</li> <li>c) To review the tender evaluation system of property services contracts and explore further enhancements as appropriate;</li> <li>d) To apply “Quarantine” System under the tender evaluation mechanism for Capital Works new works contracts and M&amp;I contracts for tenderers, if they are one of the top three scorers, for any serious incidents occurring within the six-month period preceding the tender closing date or within the tender assessment period preceding the tender award date.</li> <li>e) To continue to monitor the use of the Hong Kong Housing Authority General Conditions of Contract 2013 Edition for HA’s new works contracts and nominated sub-contracts; and</li> <li>f) To continue to apply and monitor the on-demand bond requirement for HA’s new works contracts and nominated sub-contracts.</li> </ul>	On-going
	<u>PG25</u> To continuously implement the following initiatives in respect of list management – <ul style="list-style-type: none"> <li>a) To review the adequacy of HA Lists of Contractors and to encourage more contractors to apply for inclusion in HA lists so as to gain more competition; and</li> <li>b) To review and update the “Guide to Registration of Works Contractors and Property Management Services Providers” on a need basis.</li> </ul>	On-going

### Theme 3 : Optimising and Rationalising the Use of Public Resources

<b>Objective</b>		
<b>Key Activities</b>	<b>Target</b>	
	<b>Performance Goal</b> <sup>Note</sup>	<b>Time Goal</b>
	<u>PG26</u> To continuously outsource Architectural, Engineering, Building Services Engineering and Quantity Surveying Services for selected new works projects to Professional Services Providers to alleviate the additional workload resulting from increased flat production targets.	On-going
	<u>PG27</u> To continuously implement the Government’s improvement measures on enhancing protection to non-skilled workers in HA’s service contracts tendered from 1 April 2019 onwards and monitor its implementation.	On-going
<b>Objective (6)</b> Making effective and wider application of IT to support business initiatives and enhance efficiency.		
<u>KA07</u> To implement or enhance IT systems to support the evolving business requirements, and to improve the overall operational efficiency and IT security.	<u>PG28</u> To continuously implement and monitor the ERP project on procurement aspect.	On-going
	<u>PG29</u> To continuously implement and monitor the “L10 Pro” electronic tender booklet system in new works foundation and building contracts.	On-going
	<u>PG30*</u> To continuously apply IT to improve design and construction processes, facilitate quality of deliverables, reduce environmental impacts, and enhance construction safety for new works contracts, including – <ul style="list-style-type: none"> <li>a) Implement and expand the use of new technologies relating to mobile devices and explore the use of Internet of Things (IoT) including –               <ul style="list-style-type: none"> <li>i) Apply Development and Construction Site Mobile System (DCSMS), a system utilising "Apps" on smart phones and mobile devices to assist the Department’s site staff in site inspection and site management tasks, and for exchanging related information with contractors;</li> <li>ii) Apply Radio Frequency Identification (RFID) for delivery tracking of building components as well as</li> </ul> </li> </ul>	On-going

**Theme 3 : Optimising and Rationalising the Use of Public Resources**

<b>Objective</b>		
<b>Key Activities</b>	<b>Target</b>	
	<b>Performance Goal</b> <sup>Note</sup>	<b>Time Goal</b>
	<p>for tracking construction waste from construction sites, for the maintenance of buildings;</p> <p>iii) Maintain and enhance the Enterprise Tree Management System (ETrMS) which incorporated the use of mobile device, RFID, GPS and GIS technologies for tree management;</p> <p>b) Implement Digital Construction to our projects through the integrated use of Building Information Modelling (BIM), Geographic Information System (GIS) and associated softwares for planning, design and construction;</p> <p>c) Maintain and enhance HOMES' applications and efficiency;</p> <p>d) Enhance construction site security of new works contracts by installing CCTV cameras at strategic locations; and</p> <p>e) To continue the migration of DCD's IT application systems from Housing Authority Information Technology Architecture (HAITA) platform to HA-Cloud Computing Infrastructure.</p>	

### III. KEY PERFORMANCE INDICATORS

7. To keep track of the progress in achieving our Business Objectives and implementing the KAs, we have developed the following KPIs to facilitate performance management –

KPIs	Targets		
	2019/20	Position as at 30 September 2019	2020/21
(a) Training sessions on procurement principle and practice for users involving in procuring goods and services	8 sessions and 2 workshops per annum	4 training sessions and 1 workshop were conducted.	8 training sessions and 2 workshops per annum
(b) Processing time for list admission	3 months	We completed 3 list admission applications within 3 months of receipt of complete information.	3 months
(c) Payment period to contractors engaged in capital works new works projects	Within 35 days	Average 31 days	Within 35 days
(d) Payment period to Professional Service Providers engaged in capital works new works and maintenances projects	Within 35 days	Average 23.91 days	Within 35 days
(e) Dialogue with stakeholders	Bi-monthly / Quarterly / Half-yearly / Annual Meetings	We held regular meetings with respective Contractors' Associations and representatives.	Bi-monthly / Quarterly / Half-yearly / Annual Meetings

#### **IV. RISK MANAGEMENT**

8. We conducted a risk assessment and identified nine key risk factors that may jeopardise the implementation of Development and Construction activities. The Programme of Activities has been drawn up to include measures to mitigate the risks identified and to reduce their likely impact. Details are set out as follows –

**(a) Key Risk Factor 1 – Safety performance of contractors (High Impact and High Probability)**

The aforementioned problems of inadequate managerial and supervisory resources for proper work, safety planning and monitoring, lack of skilled labour, aging workforce, together with the mismatch of skills of new recruit also pose risks to the safety of site workers and site staff. It not only causes accidents and fatality at construction sites, delay to programme but also tarnishes HA's image. We will continue the promotion and monitoring of site safety in specific areas and by organising forum, seminars, training programme, and safety website, monitor the listing requirements on safety management system, and implement Surprise Safety Inspection Programme in new works contracts and surprise checks on safety in M&I contracts. We will also enhance safety on lift modernisation and maintenance through surprise check by HD staff, safety audit by independent organisation, and training to worker by contractors (KA05) and apply IT, such as BIM, RFID and GIS to enhance construction safety (KA07);

**(b) Key Risk Factor 2 – Timely completion and quality assurance of construction works (High Impact and High Probability)**

Risks to timely completion and quality of construction works are not only hindering new flats intake in the short term but also affecting tenants' safety, health and convenience in the long term. We will therefore continuously enhance the specification, inspection and testing procedures for all critical site works, and implement the third party audit of Contractor's Quality Control System and product certification (KA01). We will also enhance and monitor Performance Assessment Scoring System (PASS) and Maintenance Assessment Scoring System (MASS) (KA04). To expedite the construction of housing units and ensure their quality, we continued to review the requirements of trade-tested workers and apply streamlined Supplementary Labour Scheme (KA04), implement HA's version of Construction Tradesman Collaborative Training Scheme and the training scheme for

riggers/metal formwork erectors (KA05), apply different procurement strategies and outsource selected new works projects to Professional Services Providers (KA06);

**(c) Key Risk Factor 3: Procurement and list management issues (Medium Impact and High Probability)**

Lack of awareness of HA's procurement principles and system including green procurement would incur more effort from contractors and service providers in adapting to changes. It may also cause tender irregularities and failure to meet the required standard and failure to provide cost-effective and innovative design. We therefore improve the procurement practices and maintain lists of contractors, sub-contractors and services providers or to conduct pre-qualification of tenderers, enhance tender assessment and employ two-envelope tendering system (KA04). We also enhance their awareness of HA's procurement principles and systems by, for example, conducting briefing sessions (KA04) and strengthen procurement practices, and review the "Guide to Registration of Works Contractor and Property Management Services Providers" regularly (KA06);

**(d) Key Risk Factor 4 – Quality assurance for fresh water inside service (High Impact and Medium Probability)**

To achieve quality assurance, we promulgated the new/revised Specification for commissioning, inspection and testing procedures for the newly installed fresh water inside services (KA01);

**(e) Key Risk Factor 5 – Quality assurance for materials of all critical site works and installations (High Impact and Medium Probability)**

We also extend the quality assurance for materials to all critical site works and installations. In addition to incorporating the result of risk assessment of building materials into the enhanced quality control system, we implement measures like implementing the requirement for the main contractors to conduct risk assessment of building materials according to the Quality Control System and engaging consultant for a comprehensive review (KA01);

**(f) Key Risk Factor 6 – Capacity, capability, adequacy and training of works-related human resources (Medium Impact and Medium Probability)**

We anticipate that the lack of skilled labour, aging workforce and inadequate managerial, supervisory and technical support will continue to be problems that we need to face in the coming year. They will not only jeopardise site safety, production programme and works quality but also add to HA's professional and site staff's workload in terms of site supervision. We will continue to tackle these problems with measures like reviewing the requirements of trade-tested workers and applying streamlined Supplementary Labour Scheme (KA04), maintaining continuous communication and encourage partnering with labour unions and stakeholders (KA04) and implementing HA's version of Construction Tradesman Collaborative Training Scheme and the training scheme for riggers/metal formwork erectors (KA05).

**(g) Key Risk Factor 7: Market trend of construction cost (Medium Impact and Medium Probability)**

Market trend of construct cost affects tender price and market prices of construction materials and labour, which causes variance in actual construction expenditure against budgets and forecasts, affect contract price and financial ability of contractors to provide satisfactory performance and also causes speculation in tendering, shortfall of cash flow/financial burden during economic crisis. We will continue to apply different procurement strategies, review the price-to-technical ratio in the scoring system to ensure value-for-money and fine-tune various score-weighting mechanism for tender assessment (KA06); and

**(h) Key Risk Factor 8: Performance of property management services sectors (employment related ordinances and statutory minimum wage) (Medium Impact and Medium Probability)**

Conviction of offences under employment related ordinances including "Statutory Minimum Wage" and unstable supply of competent staff with good understanding of HA's practices would result in reduction of available services providers, frequent staff changes and sub-standard services. We therefore maintain and enhance the consistency and standard of Wage Monitoring System including deploying Labour Relations Officers in relevant construction contracts. We also monitor the implementation of "Statutory Minimum Wage" on all HA contracts (KA04).

**(i) Key Risk Factor 9: Availability and condition of plant from Contractors (Medium Impact and Low Probability)**

Unavailability or inadequacy of plant required for or best suit intended work, and inadequate qualified plant operators may lead to failure in complying with specified standards, accidents and fatality and delay to site progress. We therefore maintain continuous communication and encourage partnering with stakeholders by conducting regular meeting with business partners. To disseminate HA's requirements, we conduct briefing, debriefing and site visits for active and wildcard contractors (KA04);

**V. BUDGETS AND FINANCIAL FORECASTS**

9. The 2019/20 Revised Budget, 2020/21 Proposed Budget and 2021/22 to 2023/24 Financial Forecasts are shown in **Appendix**.

10. The 2019/20 Revised Budget for the procurement operation is projected at \$126M, which is lower than the 2019/20 Approved Budget of \$134M by \$8M or 6.3%, mainly due to lower spending on "other recurrent expenditure".

11. The 2020/21 Proposed Budget is projected at \$127M, which is slightly higher than the 2019/20 Revised Budget of \$126M by \$1M or 0.8%, mainly due to higher personal emoluments.

12. The 2021/22, 2022/23 and 2023/24 Financial Forecasts are projected at \$134M, \$147M and \$141M respectively.

## Appendix

### Development and Procurement Sub-division (part) <sup>Note</sup>

#### 2019/20 to 2023/24 Budgets and Forecasts Related to Procurement, Environmental Management and Safety & Health Functions

	Actual 2018/19	Approved Budget 2019/20	Revised Budget 2019/20	Proposed Budget 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24
	\$M	\$M	\$M	\$M	\$M	\$M	\$M
<b>RECURRENT EXPENDITURE</b>							
Personal Emoluments	78	84	82	83	87	92	96
Other Recurrent Expenditure	28	39	34	34	38	39	44
	<u>106</u>	<u>123</u>	<u>116</u>	<u>117</u>	<u>125</u>	<u>131</u>	<u>140</u>
<b>CAPITAL EXPENDITURE</b>							
Computer and Equipment	4	11	10	10	9	16	1
	<u>4</u>	<u>11</u>	<u>10</u>	<u>10</u>	<u>9</u>	<u>16</u>	<u>1</u>
<b>TOTAL</b>	<u><u>110</u></u>	<u><u>134</u></u>	<u><u>126</u></u>	<u><u>127</u></u>	<u><u>134</u></u>	<u><u>147</u></u>	<u><u>141</u></u>

Note      Extracted from the budgets and forecasts of the Development and Construction Division on the part related to procurement, environmental management and safety & health functions.