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**Memorandum for the Hong Kong Housing Authority
and its Committees**

Reports from Chairmen of Committees

----- Enclosed are the reports from Chairmen of the following
Committees for Members' information.

Building Committee
Commercial Properties Committee
Finance Committee
Subsidised Housing Committee
Tender Committee

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Report by the Chairman of the Building Committee for 2013/14

INTRODUCTION

In 2013/14, the Building Committee (BC) made a commendable effort in advancing the planning, design and construction of public housing. Members held nine regular meetings, one meeting jointly with Tender Committee (TC), two visits to various new works construction sites and a completed estate, and one visit to mainland factories. Altogether, BC processed 66 discussion papers, 16 presumption papers and 33 information papers, inclusive of joint BC/TC papers.

ISSUES DISCUSSED

2. The work of BC covers the Housing Authority (HA)'s policies relating to the implementation of the construction and major improvement, renovation and rehabilitation programmes and to monitor progress on these programmes, which are grouped in the following categories -

- (a) Endorse programme of activities including new initiatives, monitor their performance and approve the financial targets, service standards and performance measures; and
- (b) Approve project budget, master layout plans and scheme designs for public housing projects.

PUBLIC HOUSING PRODUCTION

Production in 2013/14

3. We completed about 14 100 flats in seven projects ^{Note 1} in 2013/14, meeting the target for flat production. We also completed about 13 200 m² of retail facilities ^{Note 2}. Members visited the site of one of the projects on 20 June 2013, namely Tseung Kwan O Area 65B, and were updated on the systems by which we manage our development and construction processes to procure green, healthy and affordable quality housing.

Note 1 The seven projects are: Kai Tak Development Site 1B Phases 1 to 3, Sai Chuen Road, Tseung Kwan O Area 65B, Kwai Shing Circuit and Tai Pak Tin Street.

Note 2 Including 8 300 m² in Kai Tak Development Site 1A which was deferred from 2012/13, 4 600 m² in Kai Tak Development Site 1B and 300 m² in Tseung Kwan O Area 65B.

Commitment of Capital Works

4. Last year saw the commitment of capital expenditure of about \$29.665 billion through our endorsement of the Scheme Design and Project Budget of 11 public rental housing (PRH) projects^{Note 3}, producing 20 763 flats, and four Home Ownership Scheme (HOS) projects^{Note 4}, producing 6 045 flats. These projects are scheduled to be completed between the 2015/16 and 2021/22 financial years.

5. With these projects, we are on our way to achieving our target production in future years, including 79 000 PRH units in the five years starting from 2012/13 and 17 000 HOS flats over the four years from 2016/17, as announced in the Chief Executive's 2013 Policy Address.

PROGRAMME OF ACTIVITIES 2014/15

6. Following a brainstorming session on 1 November 2013, Members endorsed the 2014/15 Programme of Activities for Development & Construction and Building Control, with an estimated construction expenditure of about \$12,772.7M including direct costs and overheads. While the majority of the programmed activities are continuous efforts in meeting long term planned goals, some new initiatives are necessitated by Government Policy and the shortage of land, such as identifying sites in a suitable condition to expedite the development of housing units, including conducting detailed studies on selected sites, and identifying more aged PRH estates fit for redevelopment to optimize site development potential and enhance facilities, as well as to prolong the useful life of some aged estates.

7. For the year 2013/14, we have met the majority of the targets set in last year's Programme of Activities, and all the Key Performance Indicators, except that on average construction cost for superstructure^{Note 5}. These programmed activities are grouped into three themes: Providing Quality Homes, Promoting Sustainable Living, and Optimising and Rationalising the Use of Public Resources. The progress of some of the major activities have been reported and discussed in detail at BC.

Note 3 The 11 PRH Projects are Ex-Kwai Chung Police Married Quarters, conversion of Chai Wan Factory Estate to PRH, Tung Chung Area 39, Shek Mun Estate Phase 2, Fanling Area 49, Choi Yuen Road, Lai Chi Kok Road – Tonkin Street Phases 1 and 2, Eastern Harbour Crossing Site Phase 7, Cheung Sha Wan Wholesale Food Market Site 3, Shek Kip Mei Estate Phases 3, 6 and 7, and Redevelopment of Pak Tin Estate Phases 7, 8, 10 and 11.

Note 4 The four HOS projects are Sheung Lok Street, Kiu Cheong Road East, Cheung Sha Wan Wholesale Food Market Site 5, and Ngan Kwong Wan Road East and West.

Note 5 Mainly due to the actual tender price inflation in the returned building tenders being higher than the tender price inflation allowance in the respective approved project budgets.

PROVIDING QUALITY HOMES

Expediting the Development of Housing Units

8. To meet the Government's objectives of increasing and expediting the supply of housing units, we have held regular meetings with the Government bureaux and departments concerned to identify and endorse potential sites suitable for public housing development. For suitable sites, we seek to advance their availability for development and to increase their densities and plot ratios. In addition, we have explored and implemented initiatives to expedite construction while maintaining safety and quality (Paper No. **BC 41/2013** refers).

9. In developing our properties, we adopted a functional and cost-effective approach. We also carried out public consultations to match provisions with actual needs as well as to gain wider public understanding and acceptance of our proposals. To optimize development costs with better economies of scale, we bundled some of the construction contracts, for example, the foundation contracts and the building contracts of HOS developments at Mei Mun Lane, Pik Tin Street and Hin Tin Street, and the HOS developments at Sha Tsui Road and Ching Hong Road.

Promoting Green and Healthy Living

10. Modular Flat Design (MFD) is an important aspect of our green production strategy. It encapsulates many of our initiatives in caring for people and environment. Members were informed in May 2013 that we have been using MFD with site-specific block design in PRH projects since 2008 (Paper Nos. **BC 42/2013**, **QH 2/2013** refer) to achieve economies of scale, best value for money and cost-effectiveness, as well as to facilitate greater efficiency and productivity through the wider use of off-site prefabrication and mechanized construction, resulting in safer sites and a healthier environment. We also informed members that, in 2011, we developed another line of MFD for HOS. We will continue to review and update our MFD based on user feedback and to meet changing needs.

11. To foster a quality and sustainable built environment in Hong Kong, we continued to implement Building Environmental Assessment Method (BEAM) Plus. Assessment under BEAM Plus is also a pre-requisite under the Building Department's Sustainable Building Guidelines to gain up to 10% gross floor area concession for certain green and amenity features in building developments. We have obtained "Platinum" rating under BEAM Version 4/04 for Domain and Kai Tak Development Site 1A, and "Provisional Platinum" rating under BEAM Plus Version 1.2 for the Ex-Au Tau Departmental Quarters, Tung Chung Area 56, Ex-Yuen Long Estate and conversion of Chai

Wan Factory Estate to PRH. We also attained three-star level under the Chinese Green Building Evaluation Label for Kai Tak Development Site 1A and Ex-Yuen Long Estate.

12. To reduce the impact of our developments on the environment, we promote green procurement and implement a series of sustainability initiatives (Paper Nos. **BC 84/2013**, **QH 5/2013** refers), including the use of green materials and construction methods. One of our initiatives is the use of Ground Granular Blast Furnace Slag (GGBS) in our building contracts to replace 35% of the cement in precast concrete facades of all new projects to reduce carbon dioxide emission. In addition, we have specified GGBS in a pilot project to replace 60% of cement in mass concrete, such as that for pile caps. We were also studying the possible extension of its use to other precast elements such as semi-slabs, beams and staircases. Another initiative is the pilot use of Excelicrete technology in concrete production in Kai Tak Site 1B, which we completed during the year. A saving of cement usage of up to 22% in concrete production was achieved. Our other initiatives in green construction include re-usable modular hoarding with bolt and nut fixings, synthetic macro-fibre reinforcement in on-grade slabs, timber from sustainable sources, etc.

Integrated Procurement Approach

13. During the year, we successfully completed Kai Tak Development Site 1B, our first project using the Integrated Procurement Approach (IPA) based on a three-envelope tendering system, comprising price, technical and innovation envelopes. IPA facilitates the procurement for innovations with high reliability and collaboration. It reaps the benefits of the “Design-Tender-Build” and “Design and Build” modes and is particularly suitable for complex and large scale housing projects. The integrated contract enables earlier and better integration of the design and construction expertise, delivers better value and quality products with improved productivity, and promotes holistic and environment-friendly designs and innovative solutions. The experience and innovations gained can be transferred to future projects and the construction industry. Our second IPA project, Anderson Road Site A and Site B Phases 1 & 2, involving a gross development site area of 5.18 ha, nine domestic blocks and 7 146 flats, is in progress and is scheduled for completion progressively between December 2016 and May 2017. The innovations developed in this project include 5D BIM and structural soil. We would continue to monitor this contract and identify further suitable sites of sufficient scale for implementation of IPA to maximize its benefits on our developments.

Quality Management System

14. We have been certified to ISO 9001 on quality management in the development and construction of public housing since 1993. We have continuously implemented and enhanced our management systems, having been certified to ISO 14001 on environmental management since 2009, rolling out ISO 31000 on risk management and ISO 26000 on corporate social responsibility in 2010. In 2012, we were the first organization in Hong Kong to be certified to ISO 50001 on energy management system in residential building design. During the year, the Housing Department Materials Testing Laboratory successfully gained the Occupational Health and Safety Assessment Series (OHSAS) 18001 Occupational Health and Safety Management System Certificate. Further, for the second time, we gained the full score of 5.0 in the HKQAA-HSBC CSR Index annual performance assessment based on the criteria set out in ISO 26000, indicating the maturity in our practices in meeting our corporate social responsibilities.

15. We have also applied ISO 9001 and ISO 14001 in the planning, design, project management and contract administration of maintenance and improvement (M&I) works in existing estates since 1993 and 2011 respectively. We adopted the principles of ISO 19011 auditing management system and established ISO 31000 risk management framework for M&I works and obtained the Verification Statements in 2013. We were the first organisation in Hong Kong to obtain the ISO 19011 Verification Statement issued by the HKQAA. ISO 50001 certification on facility management and improvement works for the pilot estate, Kwai Shing West Estate, was obtained in June 2013. The implementation of ISO 50001 for all PRH estates is proceeded with in two phases, commencing in October 2013 and April 2014 respectively. Full certification is scheduled for April 2015. Six selected estates had been awarded the HKQAA Sustainable Building Index Verified Mark. We have strategically selected a total of ten estates of around 80 buildings, which cover the majority of the block type designs, for enrollment to the SBI Scheme for the coming year. Our objectives are to gauge the sustainability performance of different block types and to analyze the results for formulating the long term maintenance and improvement strategy of our PRH estates.

Standard Conditions of Contract for Housing Authority's Capital Works Contracts

16. To assist us in furthering our objective of providing quality housing in a caring and collaborative manner, we completed the compilation of a new suite of standard Housing Authority General Conditions of Contract (HAGCC) and a standard library of Special Conditions of Contract (SCC) for

use in capital works contracts ^{Note 6}, and Members approved their adoption jointly with the Tender Committee during the year (Paper Nos. **BC 88/2013**, **TC 90/2013**, **QH 6/2013** refer). The HAGCC is modelled on the latest edition of the Hong Kong Government General Conditions of Contract, subsuming HA's existing commonly used SCC, and importing the useful features from the New Engineering Contract (NEC3) and the Hong Kong Standard Form of Building Contract (Private Edition with Quantities 2005 Edition). The new HAGCC and SCC promote proactive and multiple-party partnering by retaining the existing good features, such as the Dispute Avoidance and Resolution Advisor System, while incorporating new initiatives, such as sharing of cost saving for Contractor's proposals.

PROMOTING SUSTAINABLE LIVING

Energy Saving Measures

17. We obtained 72 building energy certificates for all new buildings completed during the year for meeting energy efficiency requirements on lighting, electricity, air-conditioning, lift and escalator installations. We provided all new domestic blocks under design with grid-connected photovoltaic system to generate 1.5% of the communal electricity demand where sufficient roof space and direct sunlight were available. We have adopted LED bulkhead lights in the design of some projects, including Anderson Road Sites A and B, and conversion of Chai Wan Factory Estate to PRH. We have been monitoring the performance of the LED installation at Kai Tak Site 1A since the second quarter of 2013, and have found the results satisfactory.

18. We have adopted permanent magnet synchronous lift motors in some projects, including Anderson Road Site D and Site E, Shatin Area 52 Phases 3 and 4, Hung Shui Kiu Area 13 Phase 3, Po Heung Street and Tung Chung Area 56. Furthermore, we have stipulated the use of gearless lift machine in the latest specification to reap the benefit of lower motor power and the use of regenerative power for lift motors of 18kW or above for new lift installations.

Note 6 The new suite of standard HAGCC and a standard library of SCC include -

- The standard General Conditions of Contract (GCC) for HA capital works foundation contracts;
- The standard GCC for HA capital works building contracts;
- The standard GCC for HA capital works civil engineering works contracts;
- The standard GCC for HA capital miscellaneous works contracts (for remaining contract types such as demolition, soft landscape works, etc.);
- The standard Sub-contract Conditions for nominated sub-contracts to the capital works building contracts;
- A library of standard SCC for HA capital works contracts; and
- A library of standard SCC for nominated sub-contracts to capital works building contracts.

Carbon Emission Estimation

19. We continued to apply “carbon emission estimation” (CEE) to assess projects under design. Six aspects are considered under CEE, namely (i) materials consumed during construction, (ii) materials for building structure, (iii) communal building services installations, (iv) renewable energy, (v) tree planting and (vi) demolition. CEE was conducted for 13 new development projects at detailed design stage during the year.

Site Safety

20. We implemented our Site Safety Strategy in new works construction sites, maintenance works sites, property services agents and cleansing contracts. We set goals of achieving an accident rate of no more than 12 accidents per 1 000 workers and zero fatal accidents. For 2013, we achieved rates of 7.3 per 1 000 for New Works contracts and 4.1 per 1 000 for maintenance contracts. This is much lower than the average industry accident rate of 40.8 per 1 000 workers. However, one fatal accident had occurred in one of our construction sites during the year^{Note 7}. We have taken and will continue to take steps to strengthen our safety systems and on-site monitoring to further improve safety performance on our sites.

21. We effected the following measures for new works construction sites during the year -

- (a) In the second quarter of 2013, we implemented new specification clauses to care for our workers, including requirements for protection against heat stroke and requirements for contractors to provide safety orientation, work guidance and site familiarization to probationers and new comers, introducing “P” and “N” labels^{Note 8} for these two categories of workers;

Note 7 An electrical worker was found lying unconscious on the floor in the bathroom of a flat under construction in Sheung Shui Area 36 West on 29 July 2013. He remained unconscious and died in hospital the next day. The autopsy indicates that the cause of death was skull fracture. It was suspected that the worker had fallen from a ladder. The fatality was categorized as an industrial accident by the Labour Department.

Note 8 “P” – Probationers, i.e. workers newly joining the construction industry. Probationers are assigned mentors (with a ratio of 1 mentor to not more than 4 probationers) and covered by a safety orientation programme not less than 3 months.

“N” – New Comers, i.e. workers newly arriving at site. New Comers are provided with a safety orientation programme of not less than 2 weeks.

The safety orientation programme for both probationers and new comers includes essential safety aspects related to the site, guidance for work and arrangement for familiarization with the site.

- (b) In the third quarter of 2013, we implemented new specification clauses to strengthen plant and equipment safety (Paper No. **BC 9/2014** refers), including requirements for the overhaul of major construction plant, requirements for the safe use of working platforms and handling large panel formwork, and requirements for enhanced personal protective requirement; and
- (c) In the fourth quarter of 2013, we implemented revised site safety training programmes for contractors' site personnel and our staff to enhance safety awareness and practices, in line with the latest site safety requirements promulgated by Construction Industry Council. We continued to issue circulars, organize seminars and forums on topical safety issues, and promote safety through our site safety website with regularly up-dated material.

22. We effected the following measures for M&I works during the year -

- (a) We promulgated the revised Pay for Safety Scheme in the second quarter of 2013, expanding the range of payment items to cover a broader scope under resources, management, key performance indicators, awareness and innovation. These items will be conducive to a high commitment and active involvement of the contractor's management in site safety leading to better performance; and
- (b) We had fully implemented the Housing Authority Safety Auditing System for Maintenance and Improvement Contracts (HASAS (M&I)). We also made an enhancement to HASAS (M&I) for lift and escalator installation works and implemented it in the third quarter of 2013.

Research and Development

23. We continued our efforts in Research and Development (R&D) to maintain leadership in developing low carbon, lean, green, healthy, accessible and affordable quality housing, collaborating with academia, industry, experts, business partners and other stakeholders. During the year, we added 11 new activities to our R&D database, making a total of 235 research studies.

24. On 19 September 2013, Members visited Tung Tau Cottage Area East where we were conducting a study on sound insulation on floor slabs. We found that, although the sound insulation performance was satisfactory, there would be quite significant cost and time implications to our projects if

implemented. We would investigate other possible means for sound insulation.

OPTIMIZING AND RATIONALIZING THE USE OF PUBLIC RESOURCES

Prolonging the Useful Life of Aged Estates

25. The improvement and revitalization of several estates over 40 years old under the Estate Improvement Programme (EIP), such as Ping Shek Estate, Choi Hung Estate and Wo Lok Estate, have been completed, while improvement works in other estates, such as Kwai Shing West Estate, Oi Man Estate, Ma Tau Wai Estate and Lai King Estate, are still in progress. While preserving a familiar and harmonious environment, we would inject new facilities and provisions to enable the estates under EIP to better serve the residents' current needs. Hence, in addition to a face-lift, we would implement functional enhancements, improved connectivity, barrier-free access, enhanced estate amenities and additional greening. Further, to promote sustainable living, we target to achieve a "gold" or "platinum" rating under BEAM Plus for Kwai Shing West Estate in 2014. The estate has been certified to ISO 50001: Energy Management System since 27 June 2013.

26. In order to enhance the fire safety standards of the PRH estates built before March 1987, we had secured funding approval for engaging consultants to propose the scope of improvement works and to carry out the required works under the Fire Safety (Buildings) Ordinance for 62 PRH estates.

Redevelopment of Aged Estates

27. We are actively examining the redevelopment potential of existing aged PRH estates with a view to optimizing plot ratio for better utilization of our valuable land resources and additional PRH production. Pursuant to the "Refined Policy on Redevelopment of Aged Public Rental Housing Estates" (the Refined Policy), we completed a review of the redevelopment potential of 22 non-divested aged PRH estates at the end of 2013. This has allowed us to determine in a broad sense which sites should be the target for redevelopment and provides a starting point for detailed studies of selected aged estates in the future.

28. According to the review, there is no particular need for the redevelopment of the 22 aged estates to take place at this time from the structural safety or economic repair perspectives. Yet, as they continue to age and as maintenance costs are anticipated to rise, it is necessary to plan for their redevelopment progressively. Our next stage of work is to carry out detailed

studies to examine the feasible options for individual estates. We are carrying out such studies for Wah Fu Estate, the redevelopment of which was announced by the Chief Executive in the 2014 Policy Address.

Cost Yardsticks and Project Budgets

29. Construction Cost Yardsticks (CCY) are updated annually in June to serve as a reference for preparing Project Construction Cost Ceilings, Project Budgets, annual capital expenditure budgets and five-year forecasts for projects under planning. Half-yearly review is also carried out to track cost trends with better accuracy. The June 2013 cost yardsticks of average \$8,115/m² Construction Floor Area for the superstructure construction cost of HA's rental domestic buildings showed a rise of 11.6% over the June 2012 yardsticks, as there has been high demand for labour with more major infrastructure projects entering their peak construction periods, inflation in both Hong Kong and the Mainland, and continued appreciation of Renminbi. These factors have all been driving notable increase in the costs of construction labour and some materials since the second half of 2012. The half-yearly review in December 2013 reflected a rise in tender price level, with an increase of 4.2% to the superstructure construction cost of rental domestic buildings as compared with that of the June 2013 CCY. This is mainly due to the continuous increase in the cost of construction labour and some materials since June 2013. CCY for HOS will be issued in June 2014 upon the return of the building tenders for the first batch of HOS developments in early 2014. Rough Indicative Construction Cost for HOS has been issued in this interim period for bench-marking purposes.

30. We have closely monitored the adequacy of the project budgets. During the past year, Members have approved the updating of project budgets for 15 capital works new works projects to align with June 2013 CCY and the uplifting of project budgets for seven projects due to increase in flat production. We shall closely monitor cost trends and manage our project budgets in a timely manner to ensure smooth delivery of the public housing programme.

Bench-marking of Construction Cost

31. The average construction cost of the superstructure of HA's rental domestic buildings is about 48% ^{Note 9} lower than that of high rise residential buildings of "average standard" in the private sector. This is attributed to economies of scale, mechanized construction methods, optimized structural design and a lean specification on finishes and fittings with emphasis on quality being fitness for purpose. Quality of design and construction, however, is

Note 9 The comparison is based on the construction cost data published by our consultant in March 2014 for high rise residential buildings of "average standard" in private housing estates.

strictly maintained for long term durability.

Maintenance and Improvement Cost Indicators

32. M&I Cost Indicators are derived from historical expenditure data and are updated annually. They serve as benchmark references for the planning, management and monitoring of M&I works in PRH estates. The average yearly M&I recurrent expenditure in 2012/13 ranged from \$1,390 per flat for estates aged below 10 years to \$5,640 per flat for estates aged over 40 years. This indicates that portfolio age is a key factor affecting M&I costs. In the long term, we have chosen a number of building elements to start looking into the life cycle costing, which will include analysis of capital procurement costs, operating costs and disposal costs, etc., to facilitate strategic planning on cost-effective design, management and maintenance of the HA's building assets. The analysis will also be used as a reference in the future design and planning of new PRH developments.

Building Control

33. The Independent Checking Unit (ICU) is established directly under the office of the Permanent Secretary for Transport and Housing (Housing) for independence and carries out building control functions on HA's existing and new buildings in accordance with Buildings Department (BD)'s standard of requirements and procedures to provide public assurance of the built quality and safety of public housing. A Memorandum of Understanding between HA/the Housing Department (HD) and BD was signed to provide proper documentation to the independent checking mechanism, and the alignment of practices between ICU and BD. Work carried out by ICU is reported to BC at mid-year and year-end review of the Programme of Activities, as well as to the Director of Buildings at half-yearly intervals.

34. During the year, we continued to implement the Mandatory Building Inspection Scheme and Mandatory Window Inspection Scheme under the Buildings Ordinance. Under the two schemes, a Selection Panel set up by the ICU selects target buildings for inspection and Registered Inspectors are engaged to carry out inspections.

35. To enhance operational efficiency, we explore and apply appropriate information technology systems in our work. During the year, we implemented the electronic transfer of building, structural, geotechnical and supervision plans to ICU. We had also commenced the development of an Electronic Submission and Processing System.

AWARDS RECEIVED

36. During the past year, HA was honoured to have received a number of awards and management system certificates -

Local Awards

- Hong Kong Institute of Project Management, Project Management Achievement Award 2012, Winner of the Construction/Engineering Category – Choi Wan Road Public Housing Development
- Hong Kong Institute of Engineers 2012 Environmental Paper Award, 1st Runner-up – Redevelopment of Kai Tak Site 1A
- Autodesk Hong Kong BIM Awards 2013, Winning Organization – Hin Tin Street and Wang Yip Street HOS Developments
- Hong Kong Awards for Environmental Excellence, Waste Reduction Performance – Certificate
- Green Council Green Corporate Management Award – platinum
- Green Council Green Purchasewi\$e Award – platinum
- Green Council Corporate Green Governance Award – Management Systems Award
- Green Council Corporate Governance Award – Grand Award
- Teaming up with ArchSD, HyD, HD, TD and LWB, HD has been awarded with the Silver Prize for our entry "Accessibility in Publicly Accessible Premises" under the Partnership Award of Civil Service Outstanding Service Award Scheme 2013
- The Hong Kong Institute of Facility Management Excellence in Facility Management Award 2013 (Retail) – Excellence in Facility Management Award - Domain

International Awards

- FuturArc Green Leadership Award 2013 - Yau Lai Estate Phase 5
- FuturArc Green Leadership Award 2013 - Yau Tong Estate Phase 4 (Domain)

Management System Certificates

- OHSAS 18001 Occupational Health and Safety Management System Certificate – Housing Department Materials Testing Laboratory
- HKQAA-HSBC CSR Advocate Mark – Achieved full score of 5.00

- HKQAA Sustainable Building Index (SBI) Verified Mark – Kwai Shing East Estate, Kwai Shing West Estate, Sau Mau Ping (South) Estate, Sheung Lok Estate, Sun Chui Estate and Tin Chak Estate
- HKQAA ISO 19011:2011 Auditing Management System Verification Statement
- HKQAA ISO 31000:2009 Risk Management Framework Verification Statement
- HKQAA ISO 50002:2011 Energy Management system Certificate – Kwai Shing West Estate

FINANCIAL PERFORMANCE

Construction Expenditure and Budget

37. The provisional construction expenditure for 2013/14 was \$9,172.2M, which was 92.6% of the Revised Budget of \$9,900.8M. The lower expenditure was mainly due to construction programme adjustments resulting from exceptional inclement weather in 2013, and the recent shortage of workers in some of the new works construction sites.

38. The approved budget for construction expenditure for 2014/15 is \$12,772.7M. The average estimated budget for the coming four years up to March 2018 is \$18,513.8M per annum.

Building Control (by Independent Checking Unit)

39. The provisional expenditure of Building Control for the year ended 31 March 2014 was \$148.5M, which was 95.0% of the 2013/14 Revised Budget of \$156.3M.

THE WAY FORWARD

40. Following the commitment to build 79 000 PRH units in the five years starting from 2012/13 and 17 000 HOS flats over the four years from 2016/17 in the 2013 Policy Address, the Chief Executive announced in the 2014 Policy Address the Government's aim to provide an average of about 20 000 PRH units and about 8 000 HOS units per year. To meet the production target, we will increase and expedite the supply of subsidised housing by working closely with Development Bureau, Planning Department and other relevant Government Departments to secure suitable land and fast-track the upstream preparatory work. We will collaborate with stakeholders in the building industry to devise innovative, streamlined construction methods for the downstream construction stages of foundation and

superstructure works.

41. On the other front, to better sustain our ageing housing stock we have adopted a set of sustainability-focused maintenance strategy, which emphasizes preventive maintenance, people-based and customer-oriented approaches for the implementation of the maintenance and improvement programmes and energy saving initiatives. We will continue developing sustainable and innovative solutions in the delivery of quality housing, management and maintenance services to our tenants.

CONCLUSION

42. Upholding the core values of HA, the caring, committed, customer-focused and creative efforts by the Department bear fruit, as attested by the local and international recognitions gained during the year. However we are not complacent and we shall continue to collaborate with stakeholders on all fronts to seek further progress and innovation in the delivery of public housing estates. In face of higher quantum of production in the coming years, we shall continue to focus our attention towards caring for the community, striving for innovations and making effective use of resources in an environment-friendly manner.

43. Finally, I would like to express my gratitude to all BC Members and appreciation to the staff of the Department for their valuable contributions and unfailing support to the work of BC during the past year.

Bernard Vincent LIM Wan-fung
Chairman, Building Committee

Report by the Chairman of the Commercial Properties Committee for 2013/2014

INTRODUCTION

The Commercial Properties Committee (CPC) held five meetings including one special meeting and one joint meeting with the Subsidised Housing Committee during the year. Members continued to give high patronage and provide support to Domain through joining various events and activities. Under the five-year rolling programme for asset enhancement based on the strengths, weaknesses, opportunities and threats analysis, efforts were kept on optimising the use of our retail and carparking facilities. Every possible opportunity was explored to rejuvenate the unpopular retail premises and surplus carparks, optimising their potential and creating value for our stakeholders.

ISSUES CONSIDERED

New Developments

2. Retail facilities at Ching Long Shopping Centre, Cheung Sha Wan Estate, Mei Tin Estate Phase IV and Lung Yat Estate were completed in the year, providing additional retail space of about 11 000 m² Internal Floor Area (IFA) for letting purpose. By end of March 2014, the total retail stock stood at around 208 000 m² IFA.

3. On the maintenance aspect of Domain, upgrading work at the Open Plaza has commenced and scheduled for completion in the latter half of 2014 while improvement of the Mass Transit Railway Forecourt would be taken on board after mid-2014. We have confidence to maintain a sustainable growth for Domain as a regional shopping mall with the upcoming new look.

Existing Retail Facilities

Asset Enhancement Works

4. With priority and strategies set forth for our asset enhancement works under the five-year rolling programme, we took every strategic measure to enhance the attractiveness and potential of our commercial properties. Projects earmarked for asset enhancement through major improvement works and re-designation of trade mix were implemented and reviewed. They are now in various stages of implementation, development and planning in accordance with their priorities. Improvement works for Wah Fu (I)

Commercial Centre and Wah Fu (II) Commercial Centre were completed. Renovation and upgrading works in On Kay Court Commercial Centre, Lung Poon Court Commercial Centre, Kwai Shing West Estate Commercial Centre and Ping Shek Estate were all in good progress. Detailed design for Pok Hong Commercial Centre and retail facilities in Nam Shan and Tai Hang Tung Estates would be under study.

5. Given the possibility of redevelopment of aged estates, resources would be focused on processing the projects earmarked for major improvement while other improvement proposals would be kept under review having regard to the need for better utilization of resources and cost-effectiveness.

Marketing Initiatives

6. We aimed at creating a dynamic business environment and meeting the demands of customers whose homes are on the doorstep of our retail facilities. By continuing to review our leasing and promotional strategies for the retail facilities, our trade mix evolved to facilitate its operation at its optimal potential. To address the daily needs of our public housing residents, the trades of daily necessities were put in the first place in the leasing mix. A more diversified trade mix was devised for larger neighbourhood centres with the provision of both retail and service trades run by business operators. Through a more flexible and market-oriented leasing approach, a wide variety of trades were introduced to enhance the shopping choices for our residents. These included the leasing of a frozen food shop in Lai King, Wah Fu (I) and Cheung Shan Estates and provision of self-service banks with different ATM systems in Ching Long Shopping Centre.

7. To boost up the letting rate is always our prime concern. We have revisited the leasing strategies and explored the feasibility of converting the usage of less popular retail premises. Taker was successfully sourced for the long vacant retail premises in Cheung Shan Estate. Market re-ordering was completed in Lai Yiu Estate and a new Chinese eatery was brought in to cater for the local need. With our utmost effort exerted, the letting position of retail premises had a record high of 98% for the year.

8. We also made our shopping centres atriums available to a wide range of products promotion. These activities provided our residents with more shopping choices and much more lively and enjoyable shopping experience. Our effort in offering short term packaged lettings for promoters in less popular shopping centres in remote locations, such as Cheung Shan and Cheung Ching Estates, had proved success in not only generating extra income but also creating synergy on the shopping ambience.

9. In order not to cause interruption to kindergarten service provided in Yau Mei Court by the tenancy termination of the existing operator, we arranged a fast-track Open Rental Tender exercise promptly in July 2013 and concluded the leasing timely for the incoming tenant to start service from the new school term in September 2013.

Assistance to Poultry Stalls in Housing Authority Markets

10. Following the detection of H7 avian influenza in an imported consignment of poultry and temporary closure of the Cheung Sha Wan Temporary Wholesale Poultry Market, the Government announced an additional relief measures by waiving the rent for the poultry market stalls for one month in markets managed by the Food and Environmental Hygiene Department, the Housing Authority (HA), being a caring landlord, adopted the same arrangement and approved one-month rent wavier for the three poultry stalls in our markets.

Vacancy

11. During the year, the retail operation recorded successful lettings of about 17 000 m² IFA of the commercial premises. With fruitful results achieved from the strengthened leasing strategies and market reordering exercises, the vacancy rate for retail premises was kept at the record low of 2% at the end of March 2014.

Rent Arrears

12. The average rent arrears rate was maintained at 1.6% in the year which was well below the performance target at less than 3%.

Carparks

Management Services of Carparks

13. We had a portfolio of 130 carparks providing some 28 000 parking spaces with an average occupancy rate of about 85%. Four carpark operators have been appointed to manage some 90 carparks under six management contracts. Most of the carparks were installed with carpark automation and electronic payment system equipment by Octopus, making for greater convenience for users and improving cost effectiveness.

Maximising the Usage of Carparks

14. To improve the letting position of the carpark facilities, we converted the surplus parking spaces in Yi Fung Court and Pak Tin Estate into 27 motor cycle parking spaces in the year. To boost the patronage of the carparks, both the “Day Pass” and “24-hour pass” hourly parking schemes and the 20% discount for bulk purchase of parking coupons offered to shop tenants under the parking coupon discount scheme were continued.

15. For better utilization of carparking facilities, we carried out conversion works on the surplus parking spaces in Ping Shek Estate to a retail lane of four shop units during the year. Under the five-year rolling programme for asset enhancement, feasibility studies on the optimal use of carparks in Choi Hung, Lai Yiu and Kwai Shing West Estates and Yip On Factory were also in progress, while realignment of parking spaces in Cheung Shan Estate was under study.

Provision of Electric Vehicle Charging Facilities

16. To support the Government’s policy to promote wider use of electric vehicles (EVs) in the territory, charging facilities provided either by the China Light & Power Company Limited or Power Assets Holding Limited were installed in five HA’s carparks, namely Choi Tak, Kwai Chung, Shui Pin Wai, Yue Wan Estates and Yau Lai Shopping Centre, and would also be provided in carparks of new public housing developments as well. To further promote the use of EVs, we offer a maximum of two hours free parking during electricity charging in HA’s carparks.

Factory Estates

17. The letting rate of HA’s factory estate was along maintained at high level with persistent demand for small-sized units. We would continue the management of the six factory estates and review the situation from time to time.

Storerooms

18. The launching of the realigned letting policy of storerooms which aimed at adopting a consistent approach in licence fee charging and fulfilling the planning requirements in public housing estates was approved by this Committee in October 2010. The whole exercise was accomplished in February 2014.

Telecommunications Installations

19. Attributing to the strong demand for the telecommunications services, installation of base stations at our properties had been kept growing with a rise of 5.1% recorded. A total income of around \$147M was generated in the year. Having regard to the rising trend of relevant charges in the private sector and the continual growth of the telecommunications business, we have approved to increase the existing charges ranging from 4.2% to 7.4% for different types of telecommunications installations in HA's properties with effect from 1 April 2014, bringing an anticipated total income of around \$157M in the coming year.

Rates Concession Exercise for Non-domestic Premises

20. To align with the Government's mitigation measures to waive the rates for the first two quarters of 2014/15, subject to a ceiling of \$1,500 per quarter for each rateable property, we approved to pass on the rates concession to our non-domestic tenants/licensees on a "no-gain-no-loss" basis by offsetting an equivalent amount of monthly rent/licence fees payable by them.

21. In view of the small amount of rates concession for individual carpark users but a significant administrative cost involved for its distribution, carparks were excluded from the exercise similar to the previous rebate exercises. The rates concession received would be invested on enhancing our carpark facilities, such as installation of electric vehicle charging facilities at suitable sites, replacement of energy-efficient lighting to promote environmental protection and upgrading of security system.

Promotion Activities

22. Following the opening of Domain in late 2012, we had organized a full range of festive and seasonal marketing programmes and promotional events to promote and sustain its popularity as a regional shopping mall. In the year, some 70 promotional events, publicity activities and community functions with a total of around 560 hours were held in Domain. The programmes were well received by shoppers, shop tenants and residents, leading to a steady increase in footfall and gross sale receipts.

23. The tailor-made seasonal decorations, publicity and festive promotion activities for Domain were arranged to enhance its competitiveness, boost retail sales and increase its attractiveness through sustaining the customers' habits in shopping at Domain and broadening the customer catchment. With the formation of the Domain Club to promote customer loyalty, some 14 000 members were recruited up to March 2014, representing an increase of 93% for the year.

24. Centrally planned promotion programmes and packaged seasonal decorations of different scales were arranged for our neighbourhood shopping centres and estates with major retail facilities with a view to sustaining their attractiveness, enhancing the shopping ambience and achieving economies of scale. In the year, a total of 255 hours of promotion activities were held in seven major shopping centres. Decoration packages for 22 shopping centres were centrally provided during major festivals in 2013/14.

Community Services

25. We provided free platforms in our commercial properties for Non-government Organizations (NGOs) and government departments, to hold events and exhibitions for community building and civic education. In the past year, a total of 1 070 hours of community events/activities were held in collaboration with 55 NGOs/government departments in our neighbourhood shopping centres for promotion of community building, social services, health care, environmental protection, basic law, etc.

WAY FORWARD

26. Building on the groundwork we have laid for the 2014/15 programme of activities, we look forward to continuing the enhancement of the attractiveness of the commercial properties. Apart from invigorating our properties set forth through the five-year rolling programme, we will keep reinforcing our strategies to optimise the performance and quality of our portfolio to maintain a sustainable long-term growth.

27. Domain, positioned as the mega regional shopping mall, is still our focus of patronage. Tailor-made promotion programmes in partnership with shop tenants, mass media and NGOs to enhance Domain's attractiveness, popularity and sales will be continued in days to come. Moreover, packaged promotion activities and festive decorations will be arranged for other HA's major shopping centres to enhance shopping atmosphere. We and the staff of the Department will continue to support the community building through sponsoring suitable venues in Domain and other shopping centres for communal services and launching events for charity, civic, cultural and environmental protection education programmes.

CONCLUSION

28. The task of moving ahead to enhance the attractiveness of our commercial portfolio is challenging. It is gratifying to have the dedicated participation of CPC Members in the events and activities held in Domain in the year. With their full support, we see a sustainable growth of Domain since its opening. I am delighted to appreciate that Domain has got “Excellence in Facility Management Award (Retail)” granted by the Hong Kong Institute of Facility Management Excellence in Facility Management Award 2013. We have confidence to sustain the business growth and implement our strategy to add value, while achieving the best for our stakeholders and the community with the steer of our Members.

29. As the Chairman of CPC, I would like to express my sincere gratitude to all Members, including the outgoing Members. I count on all Members for their continued support in the years to come. Finally, my deepest appreciation also goes to the staff of the Department for their contribution and unfailing support to the work of CPC.

Michael CHOI Ngai-min
Chairman, Commercial Properties Committee

Report by the Chairman of the Finance Committee for 2013/14

INTRODUCTION

The main responsibilities of the Finance Committee (FC) in 2013/14 included examination and review of the Housing Authority (HA)'s financial performance, budgets and forecasts, provision of advice on the HA's financial and investment policies, as well as overseeing the funds management, human resources and information technology functions.

FC MEETINGS

2. A total of five FC meetings were held during the year 2013/14.

SUMMARY

Finance and Funds Management

Financial Planning and Budgeting Process

3. Since the endorsement by FC in May 2009, HA had adopted a more centralized budgeting approach in resource allocation to enhance deployment of resources. Divisions/budget holders were invited to submit bids for additional resources above the expenditure baselines in July each year for consideration of the Senior Officials Meeting (SOM) chaired by the Director of Housing.

4. In addition, to promote cost consciousness and to channel savings from existing services to fund some of the new and improved services, a threshold of 1% of the respective division expenditure baseline or \$3M (whichever is the less) was set. Only bids (on a per bid basis) above the threshold were submitted to SOM for resource allocation.

5. The Financial Planning and Budgeting Process were reviewed regularly, and an updated Financial Instruction promulgating the main budgetary process and promoting cost consciousness was issued by the Housing Department (HD).

Budgets and Forecasts

6. The HA Budgets and Forecasts for 2013/14 to 2017/18 reviewed and endorsed by FC were submitted to HA and the Chief Executive for approval in January 2014 as planned. It is projected that HA will have sufficient financial resources to meet its recurrent expenditure and implement the public housing construction programme and maintenance programme covered in the budget and forecast period. Nevertheless, the projection shows that the HA's cash and investment balance will decrease significantly from the opening balance of \$69.2B at the end of March 2013 to about \$28.3B at the end of the forecast period at March 2018, as a result of the increase in public housing production and anticipated increase in price level for construction and operating costs. Hence, it is clear that HA is facing a very challenging period ahead.

Review of Investment Strategy

7. The aim of the HA's investment strategy is to ensure that there is sufficient liquidity to meet the operational need of HA, and to put the rest of the HA's funds into longer-term investments in a prudent and diversified manner to enhance long term returns.

8. Under the HA's Statement of Investment Policies and Objectives, an overall Strategic Asset Allocation (SAA) review should be conducted every 3 years with annual risk budgeting health check in between. An overall SAA review was completed in 2012/13. An annual health check on the HA's SAA taking into account the latest financial market situation and risks was conducted with the assistance of an independent investment consultant. With the advice and support of the Funds Management Sub-Committee (FMSC), FC endorsed the recommendations at its meeting in August 2013 to make appropriate adjustments to SAA mainly by reallocating 5% from global bonds to Renminbi (RMB) deposits and bonds. Accordingly, the revised SAA allocates around 55% of the HA's funds to principal protection placements with the Exchange Fund, 17.5% to equities, 12.5% to global bond, 10% to RMB deposits and bonds, and the remaining 5% to HKD/USD deposits and bonds to cater for the liquidity requirements to meet the operational need of HA.

Human Resources

Implementation of the Long Term Manpower Strategy

9. To implement the long-term manpower strategy as endorsed by FC in October 2008, 77 HA contract posts in grades to be staffed by civil servants in the long run were converted into civil service (CS) posts in 2013/14. Together with 399 HA contract posts converted since 2009/10, the total

establishment of CS posts has increased by 6.2%. Given the same number of HA contract posts were deleted to offset the creation of the corresponding CS posts, there was no net effect on the overall establishment of HD.

Staff increase to cope with the new Home Ownership Scheme (HOS) and other housing initiatives

10. A total of 173 new civil service (including six directorate) posts were created for HD in 2013/14, of which 141 posts are funded by HA – 119 posts are for implementing the new HOS; 14 posts for conducting planning & engineering studies and potential site studies for site searches and redevelopment of aged estates; and 8 posts for processing the increasing number of public rental housing applications. (The remaining 32 posts are funded by the Government for setting up the Sales of First-hand Residential Properties Authority.) The manpower requirement is being closely monitored to ensure that HA has the necessary staffing resources to deliver the new housing initiatives.

Recruitment and Promotion Exercises

11. Recruitment and promotion exercises were conducted to fill new posts as well as vacancies arising from natural wastage. In 2013/14, HD carried out 40 recruitment exercises and 55 promotion exercises. Altogether, around 820 new colleagues joined the department and another 590 were promoted/selected for acting in the higher ranks.

New Mandatory Provident Fund (MPF) arrangement for HA Contract Staff

12. To address staff's concern and align HA's MPF arrangement more closely with the market norms, an internal review on HA's MPF arrangement was completed with findings and recommendations endorsed by FC in August 2013. The new MPF arrangement was implemented with effect from January 2014.

Staff Engagement Initiatives

13. Various programmes and activities had been arranged to strengthen staff's commitment to departmental goals and sense of belonging, for example, the Care@Work Programme and Extra Mile Card Plan. A new series of seminars and promotional activities had been arranged under the Employee Wellness Programme to help promote staff health. New programmes, such as Managerial Effectiveness Programme for Newly Recruited Works Professionals and Personal Effectiveness Programme for Housing Officers, had been arranged

to enhance staff's competencies in discharging their duties and facing challenges ahead.

Information Technology

14. HA had succeeded in attaining the accreditation of Information Security Management System – ISO 27001 in January 2014. The ISO 27001 standard provides a model for the implementation, on-going review and improvement in respect of information security management within the context of the organization's overall business risks. The ISO 27001 accreditation signifies that HA has complied with the international standard of information security which is a significant milestone.

15. Since the report on the IT Strategy Study to FC in May 2012, HA had formulated ten programmes of IT projects for development. Six programmes were being implemented and the remaining four would require further studies on their development. The progress of programmes was monitored regularly by the Housing Department Information Technology Steering Committee chaired by the Director of Housing.

16. The upgrade of IT infrastructural software components was completed as planned in September 2013. The upgrade of Local Area Network in remote offices commenced in June 2013 to enhance the network communications. Further enhancements on the overall network infrastructure would commence in coming years to provide a greater capacity with advance technology to cope with ever-evolving business requirements.

FINANCIAL HIGHLIGHTS

17. The key figures for HA's 2013/14 financial performance are summarised below –

	2013/14 Provisional Result ^{Note 1}	2013/14 Revised Budget	Variance
	<A>		<A> -
	\$M	\$M	\$M
Operating Surplus/(Deficit)			
Rental Housing	(171.7)	(799.5)	627.8
Commercial	949.9	871.8	78.1
Home Ownership Assistance	2,191.8	2,053.7	138.1
Operating Surplus before exceptional and special items	2,970.0	2,126.0	844.0
Exceptional Items ^{Note 2}	(34.1)	(45.4)	11.3
Special Items ^{Note 3}	(78.7)	(57.9)	(20.8)
Operating Surplus before accounting provision written back	2,857.2	2,022.7	834.5
Accounting provision written back ^{Note 4}	13.9	-	13.9
Funds Management Account Surplus	3,547.0	3,591.4	(44.4)
Agency Account Surplus	18.7	33.3	(14.6)
Total Surplus before appropriation	6,436.8	5,647.4	789.4
Appropriation to the Government	(457.9)	(413.2)	(44.7)
Net surplus after appropriation	5,978.9	5,234.2	744.7
Capital Expenditure	9,975.5	10,931.7	(956.2)
Cash and Investment Balance at year-end	69,979.8	68,093.1	1,886.7

Note 1 These are provisional figures which may be subject to year-end and audit adjustments upon finalisation of the 2013/14 annual accounts.

Note 2 Exceptional items represent expenditure incurred on demolition and clearance costs and Government Non-reimbursable items charged to the Commercial Operating Account.

Note 3 Special items mainly represent the write-off of the development cost arising from abortive sites returned to the Government, offset partly by the income from Urban Renewal Authority for the rental flats allocated to affected tenants.

Note 4 The accounting provision written back represents the reduction in future liabilities on interest for loans sold to Hong Kong Mortgage Corporation Limited. The provision written back was credited to the Home Ownership Assistance Operating Account. This year-end accounting adjustment was made in accordance with the Hong Kong Accounting Standards and the HA's Accounting Policies and did not have any cash flow implications.

18. The provisional operating deficit for the rental housing operations in 2013/14 was lower than the Revised Budget by \$627.8 million, mainly due to the lower than budgeted spending on maintenance and improvements expenditure, personal emoluments, and other recurrent expenditure. The provisional operating surplus (before exceptional items) for the commercial operations was higher than the Revised Budget by \$78.1 million, mainly due to the lower than budgeted spending on maintenance and improvements expenditure and other recurrent expenditure. The provisional operating surplus (before accounting provision written back) for the home ownership assistance operations was higher than the Revised Budget by \$138.1 million, mainly due to the higher than budgeted income from sale of Tenants Purchase Scheme (TPS) flats as a result of larger number of TPS flats sold in the year and higher average selling prices, which was partly offset by the lower than budgeted income from alienation premium.

19. The funds management operations had a provisional surplus of \$3,547 million in 2013/14, which was close to the Revised Budget surplus of \$3,591.4 million. The gross return for HA's total funds in 2013/14 was 5.3%, as compared to the Revised Budget return of 5.4%.

20. Taking into account the accounting provision written back at year end, the Agency Account surplus and the appropriation to the Government, the provisional net surplus in 2013/14 was \$5,978.9 million, as compared to the projected net surplus of \$5,234.2 million in the Revised Budget.

21. The provisional capital expenditure in 2013/14 was \$9,975.5 million, which was \$956.2 million lower than the Revised Budget of \$10,931.7 million. It was mainly due to the lower construction expenditure arising from construction programme adjustments as a result of exceptional inclement weather in 2013 and the recent shortage of workers in some of the new works construction sites.

22. As at 31 March 2014, HA had a provisional cash and investment balance of \$70 billion, which was \$1.9 billion higher than the Revised Budget of \$68.1 billion.

THE WAY FORWARD

23. In 2014/15, FC will examine and monitor the HA's financial performance, and budgets and forecasts. FC will also continue to closely monitor the performance of HA's fund managers and review its investment strategy, taking into account the latest financial market situation and risks.

24. In addition, FC will continue to provide policy steer to enable the Department to maintain and enhance human resources management services that commensurate with benchmarks and best practices of other public sector organisations in Hong Kong.

25. FC will also oversee the on-going review of the IT systems profile with a view to modernizing the various ageing legacy systems to align with the latest business development.

CONCLUSION

26. Finally, I would like to express my gratitude to all Members of FC and FMSC for their invaluable advice and my appreciation to the staff of the Department for their unfailing support during the past year. I am confident that Members of FC will continue to contribute positively and effectively to the mission and goals of HA.

Raymond SO Wai-man
Chairman, Finance Committee

Report by the Chairman of the Subsidised Housing Committee for 2013/14

INTRODUCTION

The Subsidised Housing Committee (SHC) held six meetings including one joint meeting with Commercial Properties Committee and issued 58 papers in the year. Four separate meetings were held with concern groups. Members also paid a visit to housing estates in March 2014.

2. The subsidised housing operation continued to focus on the allocation, management and maintenance of the rental housing stock of the Housing Authority (HA) to address the public needs. On-going measures to optimise and rationalize the use of public resources have been adopted. We had implemented various activities on the allocation and management of public rental housing (PRH) in pursuit of providing quality homes as well as promoting sustainable living.

OPTIMISING AND RATIONALISING THE USE OF PUBLIC RESOURCES

Meeting Housing Needs

3. In 2013/14, about 23 300 Waiting List (WL) applicants were rehoused to PRH units. In addition, about 1 300 WL applicants had also been allocated with newly completed flats pending intake. As at end March 2014, the average waiting time (AWT) ^{Note} for PRH was 3.0 years for WL general applicants. Among them, AWT was 1.6 years for elderly one-person applicants.

Territory-wide Overcrowding Relief Exercise and Living Space Improvement Transfer Scheme

4. About 940 overcrowded households were transferred to larger accommodations of appropriate size through the Territory-wide Overcrowding Relief Exercises. In addition, about 1 060 households were rehoused through

Note Under the established methodology, waiting time refers to the time taken between registration on WL and 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 general applicants housed to PRH in the past 12 months.

the Living Space Improvement Transfer Scheme which provided transfer opportunities for non-overcrowded households to improve their living conditions. As at end March 2014, the number of overcrowded families had dropped to about 3 120, or 0.43% of the total PRH households.

Express Flat Allocation Scheme

5. Flat selection under the Express Flat Allocation Scheme exercise was launched in July 2013 to allow fast-track access to PRH by WL applicants and to improve the letting rate of the less popular flats. Around 1 550 PRH flats were successfully let to eligible applicants by end March 2014.

Estate Clearance Projects

6. The Clearance of Blocks 1, 2, 3 and 12, Pak Tin Estate was announced in April 2012 and fully completed on 16 April 2014. The clearance of Long Bin Interim Housing and its related rehousing arrangements were announced on 9 January 2014. The clearance will take 24 months with the target completion date scheduled in January 2016.

Extending the Home Ownership Scheme Secondary Market to White Form Buyers

7. The 5 000 successful applications under the interim scheme of Extending the Home Ownership Scheme (HOS) Secondary Market to White Form Buyers were announced on 21 May 2013. Approval letters were issued to the first batch of 2 500 successful applicants on 31 May 2013. Among them, 2 109 (222 singleton applicants and 1 887 family applicants) applied for Certificates of Eligibility to Purchase (CEP). Upon expiry of the original 6-month CEP validly period, 746 applicants were granted one-off approval for renewal of their CEP for 6 more months. As at end March 2014, a total of 1 044 Letter of Nomination (LN) (1 026 under HA and 18 under the Housing Society) were issued to the CEP holders of the first batch applicants for purchase of HOS flats with premium not yet paid on the Secondary Market.

8. HA issued the approval letters to the second batch of 2 500 successful applicants on 31 December 2013. Among them, 1 874 (207 singleton applicants and 1 667 family applicants) applied for CEP. As at end March 2014, a total of 438 LNs (433 under HA and 5 under the Housing Society) were issued to the CEP holders of the second batch successful applicants.

9. In brief, 3 983 out of the 5 000 successful applicants have applied for CEP, and a total of 1 482 LNs were issued to them as at end March 2014. As all the CEPs, including those renewed ones, of the 2 batches successful applicants would expire in early 2015, HA would review the overall response of the successful applicants and the market situation before considering whether to implement a second round of the interim scheme.

Sale of Remaining Surplus Home Ownership Scheme Flats

10. Applications for the Sale of Surplus HOS Flats Phase 7 were invited on 28 March 2013. A total of 14 198 applications (1 007 Green Form and 13 191 White Form) were received. Ballots were held on 15 May 2013 and flat selection started on 24 July 2013. All the 832 remaining surplus HOS flats were sold out to successful purchasers (365 Green Form and 467 White Form) on 6 September 2013, which marked an end to all seven sale exercises for surplus HOS flats launched since January 2007.

Sale of Home Ownership Scheme Flats in Tin Lee Court

11. The SHC approved in February 2013 the conversion of Tin Lee House in Lung Tin Estate, Tai O from a PRH block into an HOS block. The sale of Tin Lee Court (TLC) is scheduled for June 2014. There is also a rescinded flat in Tin Chung Court (TCC), Tin Shui Wai to be offered for sale together with the flats in TLC. In March 2014, SHC endorsed the proposed income and asset limits for White Form applicants, namely, to set the income limit at \$44,000 per month for family applicants and \$22,000 per month for one-person applicants; and set the asset limit at \$960,000 for family applicants and \$480,000 for one-person applicants.

12. SHC also endorsed the discount rate at 30% for the sale of the HOS flats and the average selling prices of the 85 flats in TLC. With saleable areas ranging from 44.4 m² to 45.1 m², the selling price for the flats at TLC ranges from \$641,100 to \$897,300, while the selling price for the rescinded flat at TCC would be \$1,934,300.

13. Applications for the purchase of these flats would be invited in June 2014 and balloting would be held in July. Selection of flats by successful applicants would start from August 2014.

Presale of New Home Ownership Scheme Flats

14. In the 2014 Policy Address, the Government announced the increase in the target supply of HOS flats to about 8 000 units per year. The

first batch of new HOS flats comprising about 2 200 flats is anticipated to be completed in 2016/17 and is scheduled for presale in end 2014.

Intensified Action against Abuse of Public Housing Resources

15. We continued the three-pronged approach, including prevention, investigation and education through publicity, to tackle suspected tenancy abuse. In addition to the biennial flat inspections, we conducted rigorous checks on some 8 900 occupancy-related cases. We also carried out regular checks on all income and assets declarations and intensive checks on 5 100 cases. The Special Team set up under the Public Housing Resources Management Sub-section with 30 experienced staff in April 2013 completed additional intensive checking of 5 000 income/assets declarations and 3 000 occupancy-related cases in the year as pledged.

Review of Under-occupation Policy

16. HA conducted a further review on the under-occupation (UO) policy in June 2013. While the phased approach to handle the UO households is maintained, HA has lowered the Prioritised Under-occupation (PUO) household threshold with effect from 1 October 2013, under which PUO households are regarded as those with living space exceeding the prescribed Internal Floor Area according to family sizes and without elderly or disabled members. UO Households with member of disabled or aged 70 or above would be excluded from the UO list, while those with member aged between 60 and 69 would continue be placed at the end of the UO transfer list. HA will focus on handling PUO cases in the coming three years. We will closely monitor the implementation progress and effectiveness of the policy before the next review.

PROVIDING QUALITY HOMES

Total Maintenance Scheme

17. The second 5-year cycle in-flat inspection programme of the Total Maintenance Scheme (TMS) was launched in early 2011. As at end March 2014, the second cycle has been rolled out in 97 estates among which 65 estates were completed.

18. An independent consultant was commissioned to conduct surveys to collect tenants' views on our services delivered under TMS. Some 4 200 households of 35 estates who had received maintenance services under

TMS were interviewed between the second quarter of 2011 and the second quarter of 2013. As indicated in the survey result, the overall satisfaction rate was maintained at a level of about 80%.

Responsive In-flat Maintenance Services

19. With reference to the successful experience gained from TMS, we have implemented the Responsive In-flat Maintenance Services (RIMS) in all targeted estates to provide prompt response to repair requests made by tenants with the aid of PDAs and enhanced communication technology. As at end March 2014, RIMS has been successfully rolled out in 210 estates including all PRH and Tenants Purchase Scheme estates. RIMS is well received by tenants as reflected from an overall customer satisfaction rate of 82% achieved in the recent survey conducted by an independent consultant.

Comprehensive Structural Investigation Programme in Aged Public Rental Housing Estates

20. Surveys and testing under the Comprehensive Structural Investigation Programme (CSIP) had been ongoing for aged PRH estates. To ensure the sustainability of our aged public housing stock in terms of safety, building quality, quality of accommodation, lifestyle and living standard, we would continue the Estate Improvement/Revitalization Programme to those estates to be sustained after the CSIP assessment.

Barrier Free Access

21. A retrofitting programme was launched in 2010 to improve accessibility of our premises and facilities to the standards of *Design Manual: Barrier Free Access 2008*. Majority of the planned improvement works was completed. Only a small portion of the improvement works to tie in with the lift modernisation programme is scheduled for completion by 2016/17.

Lift Addition Programme

22. Considering the need of elderly and people with various forms of physical infirmities or limitations such as pregnant women and families with young children, we enhanced the pedestrian circulation for our residents through the Lift Addition Programme (LAP). Stage 1 of the enhancement works included the provision of new lifts, escalators and footbridges with 35 lift addition projects in 29 PRH estates was completed. HA launched Stage 2 of LAP in early 2013 which includes nine lift addition projects in eight existing PRH estates is expected to be completed progressively for use in 2016.

Enhancement to Laundry Facility

23. To keep pace with the rising expectation of tenants, we have reviewed the laundry pole holder policy and will replace the pole holders with drying racks for tenants opting for the new provision in survey. We will launch the replacement programme in 3 years with the installation works starting from late 2014.

Improvement Programme for Bathroom in Po Tin and Tin Yan Estates

24. An improvement programme to enlarge the bathrooms will be rolled out in Po Tin Estate and Tin Yan Estate (Phase I). We will adopt the bathroom enlargement works to all the vacant or recovered flats of these two estates at the time of flat refurbishment and invite the sitting residents to apply for the improvement works. Upon request, we will provide them with free temporary accommodation during the course of modification works. The improvement works will be conducted in batches. The programme which will last for about 4 years is scheduled to start in the second quarter of 2014/15 in Po Tin Estate and followed by Tin Yan Estate (Phase I) a few months later upon smooth running of the programme.

ISO 14001 Environmental Management System Certification

25. The ISO14001 Environmental Management System for planned maintenance and improvement works had been implemented in all PRH estates since its certification in May 2011. We successfully extended ISO 14001 certification to property management in all PRH estates in July 2013.

Sustainable Building Index

26. We have six estates enrolled to the Hong Kong Quality Assurance Agency (HKQAA) Sustainable Building Index (SBI) and obtained HKQAA Verified Mark in the first quarter of 2014. In the coming year, we will select a total of 10 estates with about 80 buildings covering majority of the block type designs for enrollment to the SBI Scheme to gauge their sustainability performance.

Auditing and Risk Management

27. To enhance the auditing and risk management of the maintenance and improvement (M&I) works in PRH estates, we have adopted the principle of ISO 19011 Auditing Management System and applied ISO 31000 Risk

Management Framework to the existing Quality Management System for M&I works. Verification Statements for ISO 19011 and ISO 31000 from HKQAA were obtained in September 2013.

Lift Modernization Programme

28. We continue lift modernization in PRH estates. The condition of all lifts over 25 years of age would be evaluated and prioritized in the rolling programme. Where the structure permits, lift openings would also be added to the floor currently without lift-stop services. During 2013/14, about 120 lifts in 19 estates were replaced.

ISO 50001 Energy Management System

29. The ISO 50001 Energy Management System (EnMS) for planned building services maintenance and improvement works at the communal areas of PRH domestic blocks has been implemented since January 2013 in Kwai Shing West Estate. Certification of ISO 50001 EnMS for this estate was granted by HKQAA on 27 June 2013.

30. With the experience gained, ISO 50001 certification for the communal areas of all HA's PRH domestic blocks are planned in two phases. Phase one comprising 92 PRH estates is scheduled to obtain certification by October 2014, and the remaining 72 PRH estates in Phase Two is scheduled for April 2015.

Promote Energy Saving Initiatives - Light Fitting (with Electronic Ballast) Replacement Programme

31. Light fitting replacement programme with electronic ballast was rolled out to enhance efficiency and effectiveness of energy use in PRH estates since April 2012. Approximately one million light fittings are to be replaced in 960 PRH blocks within a period of 42 months. These new electronic ballast light fittings are more energy efficient with a saving of 20% of electricity consumption units as compared with the electromagnetic ballast type of similar light intensity output. Up to end March 2014, replacement work for some 540 blocks had been completed and about 280 blocks is planned in 2014/15. Significant reduction in annual electricity consumption in PRH blocks had been resulted.

PROMOTING SUSTAINABLE LIVING

Review of Waiting List Income and Asset Limits for 2014/15

32. A review of the WL income and asset limits for 2014/15 was conducted according to the established mechanism. Under the established mechanism, the WL income limits are derived using a household expenditure approach, which consists of housing costs and non-housing costs, plus a contingency provision. SHC endorsed the WL income and asset limits for 2014/15 in March 2014, which increased by an average of 8.4% and 4.4% respectively when compared with that for 2013/14. They have been put into effect on 1 April 2014.

Implementing the Government's Initiative to Assist Lower Income Families

33. To help ease the community burden, the Government announced to waive the rates for 2013/14. HA passed on the amount to tenants/licensees on a monthly basis by offsetting an equivalent amount of monthly rent/licence fees payable by them. The Government also proposed in the 2013/14 Budget to pay two months' rent for public housing tenants. After obtaining the funding approval from the Finance Committee of the Legislative Council on 7 June 2013, the Government paid on behalf of HA's tenants/licencees all or part of their rent/licencee fees in August and September 2013.

Rent Assistance to Needy Tenants

34. The Rent Assistance Scheme (RAS) provides relief to PRH tenants facing temporary financial hardship. As at end March 2014, around 12 000 families were receiving assistance under the scheme through rent reduction of 50% or 25%. We have stepped up publicity of RAS through radio broadcast, Housing Channel, Estate Management Advisory Committee (EMAC) newsletters, leaflets and posters.

Enhanced Efficiency with Information Technology in HA's Public Rental Housing Estate Offices

35. With the full implementation of the Customer Services Management System in August 2013 to all HA's public rental housing estate offices, we have improved the service delivery quality in our customer service operations at public rental housing estate offices. This highly customized system standardizes the customer service model across our operations, allowing frontline estate staff to process and monitor requests from tenants using a simple menu via touch screen computer. Through this system,

frontline estate staff can record and handle customers' requests and complaints more accurately and efficiently. It also facilitates comprehensive analysis on the nature of requests and complaints to allow better planning.

ENHANCING HYGIENE AND GREENING

Strengthening of Tree management in Public Rental Housing Estates

36. Tree data were updated and uploaded to a centralized electronic tree database operated on Geographic Information System launched in October 2012. We continued the routine tree inspections and carried out prompt remedial actions. As at March 2014, we had recruited some 650 Estate Tree Ambassadors.

Marking Scheme for Estate Management Enforcement

37. The Marking Scheme for Estate Management Enforcement in Public Housing Estates has been well received and supported by tenants since its implementation in 2003, and it is widely held that the overall cleanliness and hygiene condition of estate common areas has improved. Up to March 2014, there were accumulatively some 23 000 point-allotment cases recorded and 51 tenants had their tenancies terminated upon the allotment of points reached 16 points.

38. We will continue to implement the proactive measures to deter the misdeeds through intensify patrol and enforcement actions by staff at estate level and the Special Operation Teams at regional level, in particular to tackle the misdeeds of littering, smoking at estate common areas, throwing objects from height and unauthorised dog keeping which are gravely concerned by the public. Also we will continue to enhance the publicity through EMAC, Housing Channel, estate newsletters and posters to promote civic responsibility of the tenants and to maintain a decent living environment in the estates.

THE WAY FORWARD

39. In 2014/15, we will continue to focus on the themes of providing quality homes, promoting sustainable living, as well as optimising and rationalising the use of public resources through delivering high quality services to our customers vide allocation, management and maintenance business. We will continue to maintain a sustainable PRH stock through proactive improvement work programmes, safeguarding the rational and

efficient use of public housing resources. We will also consider the recommendations by the Long Term Housing Strategy Steering Committee. Also, the Housing Ordinance stipulates that HA shall conduct a rent review every two years and vary the PRH rent according to the change in the income index between the first and second periods covered by the review. The next rent review will be conducted in 2014 and the outcome of the review will be submitted to SHC for endorsement.

CONCLUSIONS

40. As the Chairman of SHC, I would take this opportunity to extend my heartfelt thanks to the outgoing Members for their valuable contribution and a warm welcome to new Committee Members. I count on all Members for their continual support and advice in the years to come. I would also like to thank staff of the Housing Department for their dedicated work and look forward to working with all of you in the coming year.

Stanley WONG Yuen-fai
Chairman, Subsidised Housing Committee

Report by the Chairman of the Tender Committee for 2013/14

INTRODUCTION

I have pleasure in presenting the eleventh report of the Tender Committee (TC), which was established in April 2003.

2. In 2013/14, TC held 11 regular meetings, one joint meeting with the Building Committee, two visits to various new works construction sites and a completed estate, and one visit to mainland factories. Altogether, TC processed 64 discussion papers, 20 presumption papers and 20 information papers.

ISSUES DISCUSSED

3. The work of TC covers a comprehensive range of activities relating to the Housing Authority (HA)'s procurement, tenders and quotations exceeding the limits of delegated authority of the Chairman of the Housing Department Tender Board ^{Note 1} as well as HA's list management regime, which is an integrated part of HA's procurement policy as follows –

- (a) Scrutinizing tenders and awarding contracts;
- (b) Reviewing and enhancing tender guidelines;
- (c) Reviewing and drawing up procurement strategies and policies;
- (d) Endorsing policies relating to the management of HA's list of contractors, service providers and consultants, and considering appeals and/or objections against actions concerning the status of contractors, service providers and consultants on such lists; and
- (e) Endorsing programmes of activities (POA) and monitoring their performance.

Note 1 The Delegated Financial Authority covers all works and works related services contracts, information technology (IT) and related purchases/services, property services contracts, goods and general services contracts over \$50 million and all Consultancy or Professional Advisory Services Contracts over \$25 million.

4. During the year, Members discussed and endorsed various topics which have substantial impact in the industry, e.g. revised list management and procurement requirements to align with the revised Agreement on Government Procurement of the World Trade Organization, revised tender limit for New Works Category (Group NW1) contractors, revised Pay for Safety Scheme for Maintenance and Improvement Contracts, the compilation of a new suite of standard Housing Authority General Conditions of Contract (HAGCC) and a standard library of Special Conditions of Contract (SCC) for use in capital works contracts, and review on procurement arrangement for Property Services (PS) Contracts and Building Maintenance District Term Contracts.

SCRUTINIZING TENDERS AND AWARDING CONTRACTS

5. Between April 2013 and March 2014, Members awarded 50 contracts, including five building (New Works) contracts, seven foundation contracts, four building services nominated sub-contracts, six building maintenance district term contracts, one building (maintenance) contract, two electrical term maintenance contracts, five water supply and fire services term maintenance contracts, one air-conditioning and ventilation systems term maintenance contracts, eight PS/management agency contracts, eight security service contracts, two cleansing service contracts, and one contract for IT services.

REVIEWING AND ENHANCING TENDER GUIDELINES, PROCUREMENT STRATEGIES AND POLICIES

6. While adhering to the Agreement on Government Procurement of the World Trade Organization, Government and HA's procurement policies and instructions, we have continued to review and enhance our procurement system to maintain a fair, open and equitable policy to ensure that we can procure products with best value for money.

Revised List Management and Procurement Requirements to Align With the Revised Agreement on Government Procurement of the World Trade Organization (GPA WTO)

7. As a procuring entity covered by the GPA WTO, we had reviewed our list management and procurement requirements for the purpose of aligning them with the revised GPA WTO which came into effect on 6 April 2014. As a result, we implemented the revised requirements for the following with effect

from 1 December 2013 (Paper No. **TC 81/2013** refers) –

- (a) Conditions for application for confirmed status;
- (b) Conditions for application for Quality Maintenance Contractor status; and
- (c) Banding criteria for Cleansing Service Contractors and Security Service Contractors.

The revised requirements allow contractors to submit non-HA project experience as an alternative to the previous requirement for HA project experience.

Revised Tender Limit for Building Contractors on New Works Category (Group NW1)

8. We carried out an overall review on the tender limit for Building Contractors on New Works Category (Group NW1) (Paper No. **TC 17/2014** refers). Taking into account various factors, including the rise in tender price index over the years; adoption of site-specific, non-standard design for domestic blocks instead of standard domestic blocks; enhancement in HA's specification to meet public aspirations; development of public housing on sites of different scale and size after resumption of the Home Ownership Scheme; and the increase in flat production, we revised the tender limit for Group NW1 Contractors from \$270 Millions to \$550 Millions. We also made other associated amendments, including minimum value of work record for list admission and banding of wildcard contractors for allocation of tendering opportunity, accordingly.

“Quarantine” System

9. To ensure prudence in tender assessment, we established the “Quarantine System” as part of our Tender Evaluation Mechanism. Under the system, we put contractors under “quarantine” as per the following criteria –

- (a) If serious incidents have occurred in any of the contractor's sites in Hong Kong with construction works of similar nature to that in the tenders under consideration;

- (b) If the incidents have occurred within the six-month period preceding the tender closing date or within the tender assessment period preceding the tender award date; and
- (c) If the contractors are among the top three scorers.

This provides Members an opportunity to consider whether the contractors are fully capable of undertaking the contracts before making decisions for award. In 2013/2014, we conducted seven interviews with a total of six contractors with fatal or serious accidents occurring in their sites. Since 2006, as a result of "quarantine" action, we did not award contracts to five tenderers although they were the highest scorers or the lowest bidders in the corresponding tenders.

Integrated Procurement Approach

10. During the year, we successfully completed Kai Tak Development Site 1B, our first project using the Integrated Procurement Approach (IPA) based on a three-envelope tendering system, comprising price, technical and innovation envelopes. IPA facilitates the procurement for innovations with high reliability and collaboration. It reaps the benefits of the "Design-Tender-Build" and "Design and Build" modes and is particularly suitable for complex and large scale housing projects. The integrated contract enables earlier and better integration of the design and construction expertise, delivers better value and quality products with improved productivity, and promotes holistic and environment-friendly designs and innovative solutions. The experience and innovations gained can be transferred to future projects and the construction industry. Our second IPA project, Anderson Road Site A and Site B Phases 1 & 2, involving a gross development site area of 5.18 ha, nine domestic blocks and 7 146 flats, is in progress and is scheduled for completion progressively between December 2016 and May 2017. The innovations developed in this project include 5D Building Information Modelling and structural soil. We would continue to monitor this contract and identify further suitable sites of sufficient scale for implementation of IPA to maximize its benefits on our developments.

Revised Pay for Safety Scheme for Maintenance and Improvement Contracts

11. We promulgated the revised Pay for Safety Scheme for Maintenance and Improvement contracts in June 2013. Payment items have been expanded to cover a broader scope under resources, management, key

performance indicators, awareness and innovation. These items will be conducive to a high commitment and active involvement of the contractor's management in site safety leading to better performance.

Standard Conditions of Contract for Housing Authority's Capital Works Contracts

12. To assist us in furthering our objective of providing quality housing in a caring and collaborative manner, we completed the compilation of a new suite of standard HAGCC and a standard library of SCC for use in capital works contracts ^{Note 2}, and Members approved their adoption jointly with the Tender Committee during the year (Paper Nos. **BC 88/2013, TC 90/2013, QH 6/2013** refer). HAGCC is modelled on the latest edition of the Hong Kong Government General Conditions of Contract, subsuming HA's existing commonly used SCC, and importing the useful features from the New Engineering Contract (NEC3) and the Hong Kong Standard Form of Building Contract (Private Edition with Quantities 2005 Edition). The new HAGCC and SCC promote proactive and multiple-party partnering by retaining the existing good features, such as the Dispute Avoidance and Resolution Advisor System, while incorporating new initiatives, such as sharing of cost saving for Contractor's proposals.

Review on Procurement Arrangement for Property Management Agent Mode Property Services Contracts

13. Following the last review in 2013 of the tender arrangement for the Property Services Agents (PSA) mode PS contracts and trial new Property Management Agency (PMA) mode PS contracts, of which the scope had been modified by excluding project management services for maintenance and improvement works, we have assessed the effectiveness of new PMA mode contracts in February 2014. We have affirmed the continuation of the two-pronged outsourcing approach and endorsed the following arrangement for implementation with effect from 1 October 2014 (Paper No. **TC 18/2014** refers) –

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- Note 2 The new suite of standard HAGCC and a standard library of SCC include -
- The standard General Conditions of Contract (GCC) for HA capital works foundation contracts;
 - The standard GCC for HA capital works building contracts;
 - The standard GCC for HA capital works civil engineering works contracts;
 - The standard GCC for HA capital miscellaneous works contracts (for remaining contract types such as demolition, soft landscape works, etc.);
 - The standard Sub-contract Conditions for nominated sub-contracts to the capital works building contracts;
 - A library of standard SCC for HA capital works contracts; and
 - A library of standard SCC for nominated sub-contracts to capital works building contracts.

- (a) For future PS contracts, adopt the new PMA mode for newly completed estates, while the existing PSA mode would still be adopted for existing estates;
- (b) Adopt the enhancement on the tender arrangement for new PMA mode contracts, including allocation of tendering opportunity and tender evaluation system to increase competitiveness and quality of service; and
- (c) Continue to adopt the “5-2” contract period as in the trial PMA contracts with tightening of criteria for continuation of contracts.

Preferential Tender Award System for District Term Contracts for Maintenance Works

14. We have implemented Preferential Tender Award System (PTAS) for evaluating tenders for Building Maintenance District Term Contracts issued in or after October 2013 (Paper No. **TC 54/2013** refers). The evaluation takes into account contractors’ past performance and track records, as well as price. The purpose of implementing PTAS is to encourage contractors for continual improvement.

ENDORISING LIST MANAGEMENT POLICIES

Retention of Premier League Contractors’ Premier League Status

15. We have carried out our biennial review exercise on the status of existing Premier League Contractors (PLC) (Paper Nos. **TC 72/2013, QH 4/2013** refer). Amongst the existing four PLC who applied for retention, three met the retention criteria and were retained on the league for 2013 to 2015.

ENDORISING PROGRAMME OF ACTIVITIES

16. POA 2013/14 focused on the objectives of planning and designing new developments for a green and healthy environment, conserving resources, and promoting green procurement; enhancing the service standard and the awareness of our business partners on their corporate social responsibility; enhancing community engagement throughout the delivery of development

projects and promoting partnering with business partners; enhancing awareness on health, environment and safety, and promoting relevant practices in HA's workplace; maintaining a healthy procurement environment and enhancing value for money through procurement practices; and making effective and wider application of IT to support business initiatives and enhance efficiency. For 2014/15, our work and efforts will mainly concentrate on the themes of *providing quality homes, promoting sustainable living and optimizing and rationalizing the use of public resources* (Paper No. **TC 107/2013** refers).

WAY FORWARD

17. We will continue to uphold the highest standard of integrity, for all contractors, sub-contractors, suppliers and services providers for HA. We shall closely monitor their performance so that any necessary actions shall be undertaken in good time to ensure smooth delivery of our service and operation. With the concerted effort of Members and colleagues, we have met all targets and key performance indicators of POA. We shall keep up the momentum in the coming year.

CONCLUSION

18. Finally, I would like to express my sincere thanks to all Members of TC and staff of the Housing Department for their valuable contributions and uncompromising determination to accomplish the various tasks of TC during the year under review.

Angela LEE Wai-yin
Chairman, Tender Committee