

PAPER NO.	<u>HA</u>	<u>20/2020</u>
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**Memorandum for the Hong Kong Housing Authority
and its Committees/Sub-Committees**

Reports from Chairmen of Committees

Please find enclosed the reports from Chairmen of the following
Committees for Members' information –

- (a) Building Committee;
- (b) Commercial Properties Committee;
- (c) Finance Committee;
- (d) Subsidised Housing Committee; and
- (e) Tender Committee.

Polly KWOK
Secretary, Housing Authority
Tel. No.: 2712 2712
Fax No.: 2624 5685

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Report by the Chairman of the Building Committee for 2019/20

INTRODUCTION

In 2019/20, the Building Committee (BC) made a commendable effort in advancing the planning, design and construction of public housing. Members held nine regular meetings and conducted one visit^{Note 1}. Altogether, BC processed 43 discussion papers, seven presumption papers and 28 information papers, inclusive of joint papers with Tender Committee.

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 the monitoring of progress of 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 2019/20

3. We completed about 13 100 flats, including around 10 100 public rental housing (PRH)/Green Form Subsidised Home Ownership Scheme (GSH) units and around 3 000 other subsidised sale flats (Other SSFs) in ten projects^{Note 2} in 2019/20. We also completed about 17 600 m² gross floor

Note 1 Yuk Wo Court Home Ownership Scheme (HOS) project.

Note 2 The ten projects include seven PRH/GSH projects (Sau Ming Road – Block 1 (Sau Mau Ping Estate), Choi Yuen Road – Blocks 1 to 3 (Po Shek Wu Estate), Shek Kip Mei Phase 6 – Blocks 1 and 2 (Shek Kip Mei Estate), Fo Tan – Blocks 1 to 5 (Chun Yeung Estate), Fanling Area 49 – Blocks 1 and 2 (Fai Ming Estate), Fung Shing Street – Block 1 (Fu Shan Estate), Tung Tau Estate Phase 8 – Block 1 (Tung Wui Estate)), and three Other SSFs projects (Cheung Sha Wan Wholesale Food Market Site 5 Phase 2 – Blocks B to E (Hoi Lok Court), Texaco Road – Block A (Sheung Man Court) and Wo Sheung Tun Street – Block A (Choi Wo Court)). Flat numbers are rounded to the nearest hundred and may not add up to the total due to rounding.

area of retail facilities^{Note 3} and about 660 parking spaces^{Note 4}. Compared with the forecast production as at March 2019 benchmark, the completion of one Other SSFs project^{Note 5} was advanced from 2020/21 as the project progress was slightly ahead of original programme, while three PRH projects and two Other SSFs projects^{Note 6} had slipped to 2020/21 due to slow progress of contractors, delay in utilities connection, fire services inspection and work progress affected by the outbreak of the COVID-19. We had foreseen the risks to which our high construction volume is exposed in the current operating environment and continued to implement the strategies and initiatives we have put in place to mitigate them, including the use of labour-saving design and construction methods, various training and recruitment schemes for workers.

4. Members visited the construction site of Yuk Wo Court HOS project during the year. In the visit on 25 July 2019, Members were briefed on the design challenges due to nearby roads and industrial buildings, such as issues of view, noise and ventilation, and site safety management system and precautionary measures adopted in a highly constrained site.

Commitment of Capital Works

5. Last year, we have endorsed the Scheme Design and Project Budget of 19 projects producing about 31 400 PRH/GSH units and Other SSFs^{Note 7} with the commitment of capital expenditure of about \$35.824 billion. These projects are scheduled to be completed between the financial years of 2023/24 to 2028/29, and will contribute to meeting the public housing supply target of 220 000 PRH/GSH units and 95 000 Other SSFs for the ten-year period from 2019/20 to 2028/29 stated in the Long Term Housing Strategy Annual Progress Report 2018.

Note 3 In Choi Yuen Road, Shek Kip Mei Phase 6, Fo Tan, Fanling Area 49, Lai Chi Kok Road – Tonkin Street Phase 2 and Tung Tau Estate Phase 8. Figure is rounded to the nearest hundred.

Note 4 In Choi Yuen Road, Cheung Sha Wan Wholesale Food Market Site 5 Phase 2, Shek Kip Mei Phase 6, Sau Ming Road, Fung Shing Street, Fanling Area 49, Lai Chi Kok Road – Tonkin Street Phase 2, Tung Tau Estate Phase 8, Texaco Road – and Wo Sheung Tun Street. Figure is rounded to the nearest ten.

Note 5 Wo Sheung Tun Street Block A (Choi Wo Court).

Note 6 North West Kowloon Reclamation Site 6 Phase 1 Block 1, Pak Tin Phase 7 Blocks 1 and 2, Pak Tin Phase 8 Blocks 3 and 4, Tseung Kwan O Area 65C2 Phase 1 Blocks A and B and Fat Tseung Street West Block A.

Note 7 Long Bin Phase 1 (Paper No. **BC 24/2019**), Hin Fat Lane, (Paper No. **BC 30/2019**), Kai Tak Site 2B2 (Paper No. **BC 31/2019**), Java Road (Paper No. **BC 32/2019**), Tung Chung Area 99 (Paper No. **BC 33/2019**), Tung Chung Area 100 (Paper No. **BC 34/2019**), Yip Wong Road Phase 1 and Phase 2 (Paper No. **BC 52/2019**), Kai Tak Sites 2B5 and 2B6 (Paper No. **BC 53/2019**), Pik Wan Road Site A (Paper No. **BC 59/2019**), Pik Wan Road Site B (Paper No. **BC 60/2019**), Chiu Shun Road (Paper No. **BC 67/2019**), Hang Fu Street (Paper No. **BC 3/2020**), Sheung Shui Areas 4 and 30 Site 1 Phase 1 and Phase 2 (Paper No. **BC 4/2020**), Sheung Shui Areas 4 and 30 Site 2 Phase 1 and Phase 2 (Paper No. **BC 5/2020**) and Pak Tin Estate Phase 12 (Paper No. **BC 15/2020**).

PROGRAMME OF ACTIVITIES 2020/21

6. Following the brainstorming session and discussion session on 1 November 2019, Members endorsed the 2020/21 Programme of Activities for Development and Construction (Paper No. **BC 78/2019 (Revised)** refers) and 2020/21 Programme of Activities for Building Control (Paper No. **BC 79/2019 (Revised)** refers), with an estimated construction expenditure of about \$22,025 million including direct costs and overheads. While new initiatives were introduced in the past few years in response to Government Policy to expedite the development of housing units, the programmed activities in 2020/21 are primarily the continuation of current efforts in meeting the long term planned goals.

7. For the year 2019/20, we have met the majority of the targets and Key Performance Indicators set out in last year's Programme of Activities. 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 details at BC.

PROVIDING QUALITY HOMES

Expediting the Development of Housing Units

8. Despite the increasing challenges and difficulties ahead (Paper No. **BC 74/2019** refers), we continued to take forward public housing developments. The Department has held regular meetings with the Government bureaux and departments concerned to identify and endorse potential sites suitable for public housing development in an effort to increase and expedite the supply of housing units. We sought to advance the availability of suitable sites for development, optimise the development potential, increase the plot ratios and relax the building height of suitable sites (Paper No. **BC 78/2019 (Revised)** refers).

9. HA is open and receptive to new initiatives as always if it could enhance quality, safety, productivity and environmental performance. HA has therefore carried out a viability study on Modular Integrated Construction (MiC) application in public housing developments and a 12-storey domestic block in Tung Chung was selected as a pilot project to ascertain its benefits in actual terms and any further conditions that is worth noting. A MiC mock-up was commenced in the Mainland to test out the buildability of MiC in public housing developments. In parallel, HA has adopted enhanced precast concrete components, such as semi-precast slab with pre-installed service conduits in

common area, precast structural internal wall with pre-installed service conduits and precast lift shaft with pre-installed bracket for lift guide rail. In the future, we will also continue to explore opportunities in increasing precast rate such as volumetric precast lift machine room at main roof and other innovative construction methods such as robotic applications so as to further improve productivity on site (Paper Nos. **BC 41/2018**, **BC 49/2018**, **BC 7/2019**, **BC 62/2019** and **BC 18/2020** refer).

Promoting Green and Healthy Living

10. We promote passive design with energy-saving practices, use of renewable energy, water conservation and other resource saving measures for a sustainable living environment (Paper Nos. **BC 95/2016** and **QH 5/2016** refer). In 2019/20, the Department continued to register new projects with the Hong Kong Green Building Council for assessment under the Building Environmental Assessment Method (BEAM) Plus to foster a quality and sustainable built environment as well as to gain up to 10% Gross Floor Area concession in relevant projects under the Buildings Department (BD)'s Sustainable Building Design Guidelines. The BEAM Plus Certification for New Buildings obtained during the year are shown at **Annex A**.

Quality Management System

11. The Department obtains and maintains certification to standards published by the International Organization for Standardization (ISO) in a number of areas, including quality, environment, energy, and safety and health, which have assured its management systems and processes being implemented at high, internationally recognised standards for efficient and effective delivery of quality services. It also allows the Department, through regular internal and external audits necessary for obtaining and renewing certification, to identify areas and opportunities for continual improvement vital in the increasingly demanding operating environment. The Department has successfully transitioned to the 2015 edition of ISO 9001 and ISO 14001. In March 2018, a new ISO 45001 (on Occupational Health and Safety Management System (OHSMS)), in replacement of Occupational Health and Safety Assessment Series (OHSAS) – OHSAS 18001, was promulgated. In August 2018, a new edition of ISO 50001 (on Energy Management Systems (EnMS)) was also published. The Department is conducting reviews for transition to the 2018 edition of ISO 50001. OHSAS 18001 OHSMS for both the Development and Construction Division (DCD) and Estate Management Division (EMD) have been successfully migrated to ISO 45001:2018 OHSMS in March 2020 and June 2019 respectively. Standards to which the Department is certified are listed in **Annex B**.

12. In addition to certifiable standards, the Department keeps applying other quality schemes and standards in its work to assure a high level of performance. This is the eighth consecutive year and sixth consecutive year for DCD and EMD respectively to have achieved the full score of 5.0 in the third party measurement on its performance under the Hong Kong Quality Assurance Agency (HKQAA) Corporate Social Responsibility (CSR) Advocate Index. Various other quality schemes and standards the Department applies in its operations are listed in **Annex B**.

Risk Assessment and Treatment of Building Materials

13. In response to the Commission of Inquiry into Excess Lead Found in Drinking Water's Report published on 31 May 2016, recommending a review of all plumbing materials in identifying potential hazards and contamination in drinking water, we have taken further steps and completed in December 2016 a risk assessment exercise of about 2 300 building materials. We then evaluated the risk assessment results and developed corresponding risk treatment measures. The first batch of risk treatment measures was rolled out in January 2017, and all enhancement measures to the quality control system were implemented by end 2017. In 2019, we carried out a regular review of the material risk assessments together with a Specification Review Consultant and updated the corresponding enhancement measures. We will continue to review the quality control system and monitor the contractors' performance accordingly.

Quality Assurance of Fresh Water Inside Service

14. As mentioned in Paper No. **HA 32/2018**, Water Supplies Department has launched the Enhanced Water Quality Monitoring Programme (Enhanced Programme) since end-2017 and has been collecting random water samples from consumers' taps in around 670 public and private premises in Hong Kong annually under the Enhanced Programme. The test results up to end of March 2020 show that the content of the six metals in the water samples are in compliance with the standards.

15. HA's contractors have substantially completed the rectification works in the 11 affected PRH estates. Overall speaking, the contractors have completed around 89% of the rectification works inside flats as at end of March 2020. For those cases where rectification works inside flats could not be carried out, they were mainly due to tenants' unwillingness to carry out the works. In accordance with Water Authority's advice, we will carry out the rectification works at an appropriate juncture and will disseminate relevant health information on the risk of lead in drinking water to the tenants.

PROMOTING SUSTAINABLE LIVING

Energy Saving Measures

16. To maintain our new buildings fulfilling the requirements of the Building Energy Code issued by the Electrical and Mechanical Services Department as an on-going initiative, we implemented various energy saving measures (Paper No. **BC 104/2017** refers). To further reduce energy consumption, the Department will adopt Light Emitting Diode (LED) Exit Signs and Directional Signs in new developments to be tendered out in or after 2019.

17. In our existing PRH estates, we continue to implement ISO 50001 EnMS, with enhancement based on the 2018 edition and ready for the upcoming migration audit in mid-2020, in the communal areas of the domestic blocks and to adopt energy efficient equipment for our building services installations, such as –

- (a) Adopting the variable speed drive controlled booster pumps in refurbishment works for replacement of booster pumps which are approaching the end of service life;
- (b) The Implementation of Lift Modernisation Programme to replace aged lift cars, machinery and control systems, which are able to reduce electricity consumption up to 30% as compared with old ones; and
- (c) Use of LED luminaires to replace existing Compact Fluorescent Lamp bulkhead light fittings, exit signs and directional signs during breakdown maintenance.

Carbon Emission Estimation for Projects under Design

18. The assessment of projects under design using “Carbon Emission Estimation” (CEE) was an on-going initiative (Paper No. **BC 104/2017** refers). CEE was conducted for seven new development projects at detailed design stage during the year. Since the roll-out of CEE, we have achieved an average of about 16.4% reduction in estimated carbon emission for the designed whole life cycle of domestic blocks as compared with the baseline figure in terms of Construction Floor Area.

Carbon Audits and Carbon Reduction in Existing Estates

19. The Department has conducted Carbon Audits in existing estates since 2012/13. We continue the carbon emission monitoring through the Carbon Audit exercise in 14 selected domestic blocks of 14 typical PRH block types covering the majority of HA block type designs. This audit process is conducted in accordance to the relevant Guidelines issued by Environmental Protection Department (Paper No. **HA 22/2016** refers).

Site Safety

20. The Department continuously implements its Site Safety Strategy in New Works construction sites, Maintenance Works sites, property services agents and cleansing and security contracts (Paper No. **BC 45/2019** refers). We set goals at an accident rate of no more than nine accidents per 1 000 workers and zero industrial fatal accident, and achieved accident rates in 2019 of 5.2 per 1 000 workers for New Works contracts and 5.3 per 1 000 workers for Maintenance Works contracts, which are lower than the average industry accident rate of 29 per 1 000 workers. Nil industrial fatal accidents occurred in HA works contracts in 2019. Continuous emphasis on site safety will be placed by the Department to drive contractors for better site safety standard.

21. During the year, the Department has taken steps to strengthen the safety management systems to further improve safety performance of both New Works and Maintenance and Improvement (M&I) Works sites, including –

- (a) Risk management measures were reinforced and control of work process was enhanced to improve site safety standards. The safety performance monitoring of contractors was strengthened by upgrading the Housing Authority Safety Auditing System (HASAS) for New Works to version 1.6 for assessing the compliance with new contract specification and covering slope works and hazardous substances to health. The Housing Authority Lift and Escalator Nominated Sub-contracts Safety Auditing System for New Works was enhanced to version 1.2 with more evaluation of the performance of safety management system of lift and escalator contractors, specifying the audit arrangement for each phrase of works and verification of effectiveness of safety devices;

- (b) The revised version 1.2 of HASAS for M&I Works was launched to include civil engineering and geotechnical engineering contracts, promote safety caring culture and enhance lift maintenance audits. The revision also adjusted the weighting towards high risk activities to encourage safety improvement;
- (c) The Surprise Safety Inspection Programme for New Works and Surprise Safety Inspection System for M&I Works were continuously reviewed to drive the contractors to adhere to safe practice in work processes;
- (d) The enhanced accident and incident reporting system in New Works contracts was completed in 2019 to facilitate close monitoring of works safety performance;
- (e) Safety forum, seminars and meetings were held throughout the year to keep the both New Works, Maintenance Works and property management contractors and frontline staff updated on the latest development of safety legislation, contract requirements and innovative safety measures; and
- (f) Safety training was provided to HA works staff through Site Safety PASSPORT training and online training courseware.

OPTIMISING AND RATIONALISING THE USE OF PUBLIC RESOURCES

Prolonging the Useful Life of Aged Estates

22. For aged PRH estates, HA will continue to implement various programmes and measures to upkeep or improve the building conditions and provide residents with a safe and suitable living environment. These include the Comprehensive Structural Investigation Programme (CSIP), the Estate Improvement Programme (EIP), the Total Maintenance Scheme (TMS) and Responsive In-flat Maintenance Service (RIMS). The CSIP aims to ascertain structural safety and financial sustainability to maintain aged PRH estates for the next 15 years. Under the EIP, while preserving a familiar and harmonious environment, we inject new facilities and provisions in phases to enable aged estates to better serve the residents' current needs. Regarding the in-flat areas, HA has been proactively providing tenants with in-flat inspections and necessary maintenance services through the TMS. In parallel, HA has implemented the RIMS, by setting up a dedicated in-flat technical team to

promptly respond to tenants' works requests, closely liaise with tenants and provide indoor minor maintenance services to tenants.

Cost Yardsticks and Project Budgets

23. 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 2019 cost yardsticks of average \$10,324/m² and \$10,883/m² Construction Floor Area for the superstructure construction cost of HA's PRH/GSH domestic buildings and Other SSFs domestic buildings respectively (Paper No. **BC 39/2019** refers) both showed an increase of +1.1% and +0.9% over the June 2018 yardsticks mainly due to the revisions to some client's requirements for domestic block since June 2018. The half-yearly review conducted in December 2019 (Paper No. **BC 16/2020** refers) indicated there were very mild decrease in tender price level of -0.8% to the superstructure construction cost of both PRH/GSH and Other SSFs domestic buildings as compared with those of the June 2019 CCY. The mild decrease is mainly attributed to the competitive tendering climate.

24. We have closely monitored the adequacy of project budgets. During the year, Members have approved the revision of project budgets for three projects due to design development and refinements, and adjustment of provisional sums for contract price fluctuations, etc. (Paper Nos. **BC 41/2019**, **BC 61/2019** and **BC 13/2020** refer). 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

25. The average construction cost of the superstructure of HA's rental domestic buildings is about 42% ^{Note 8} lower than that of high rise residential buildings of "average standard" in the private sector. This is attributed to economies of scale, mechanised construction methods, optimised 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 strictly maintained for long term durability.

Note 8 The comparison is based on the construction cost data published by our consultant for 2nd Quarter 2019 for high rise residential buildings of "average standard" in private housing estates at the time of preparing the mid-year performance review of the Programme of Activities for Development & Construction in 2019/20 (Paper No. **BC 72/2019**).

Building Control

26. Since the Independent Checking Unit (ICU) was detached from the Department and placed under the Office of the Permanent Secretary for Transport and Housing (Housing) in 2015, there is evident increase in public awareness of its independent and enforcement role. In this year, ICU continues to exercise dual building control functions on new public housing development projects and existing buildings developed by HA, including –

- (a) Administrative building control to new public housing development projects, and existing buildings in PRH estates without any part sold or divested, which are not subject to the Buildings Ordinance (BO), by applying standards and practices parallel to that of BD. A Memorandum of Understanding had been formalised between HA/Housing Department and BD stressing the alignment of practices between ICU and BD. Administrative building control is funded by HA; and
- (b) Statutory building control under delegated authority from the Building Authority (i.e. the Director of Buildings) for those properties which are subject to the BO, including properties in PRH estates with retail and car parking facilities divested to Link or their subsequent private owners, and Courts and Estates with subsidised sale flats sold by HA under various subsidised home ownership schemes. Statutory building control is funded by the Government.

27. Besides, the Lift Inspection Focus Team continues to monitor the use and operation of HA's lifts and escalators for risk management and enhancing the compliance with the Lifts and Escalators Ordinance (Cap. 618).

28. ICU has obtained upgraded certification of Quality and Environmental Management Systems to ISO 9001:2015 and ISO 14001:2015 with extended scope for inclusion of the Mandatory Building Inspection Scheme Team and the Minor Works Team in December 2017. ICU also keeps on extending the use of information technology systems in its work, such as developing an ICU Site Mobile System for conducting site inspections which is expected to roll out in May 2020, developing the application of Building Information Modelling (BIM) for building control submission ^{Note 9}, and implementing enhancements of ICU's Housing Electronic Plan Submission System (HePlan) and Housing Electronic Building Records Online System (HeBROS) to provide better services to the users.

Note 9 The development of the technology is funded by the TechConnect (Block Vote) Fund under the Innovation and Technology Bureau.

AWARDS RECEIVED

29. In 2019/20, HA was honoured to have received a number of awards and corporate environmental, safety awards and labels (Paper No. **BC 27/2020** refers). The details are shown in **Annex C**.

FINANCIAL PERFORMANCE

Construction Expenditure

30. The provisional construction expenditure for the year ended 31 March 2020 was \$16,538 million, which was lower than the Revised Budget of \$17,779 million by \$1,241 million, mainly due to construction programme adjustments of some projects.

Building Control (by Independent Checking Unit)

31. The 2019/20 provisional expenditure for Building Control was \$209 million, which was \$11 million lower than the Revised Budget of \$220 million. The variance was mainly due to the lower than budgeted spending on personal emoluments.

THE WAY FORWARD

32. We will continue to review and improve our quality assurance systems, and to develop sustainable and innovative solutions in the delivery of quality housing, management and maintenance services to our tenants.

33. To address the demand for PRH, more land must be in place for the construction of PRH units or the average waiting time currently exceeding five years could not be shortened. To meet the public housing supply target of 210 000 PRH/GSH units and 91 000 Other SSFs for the ten-year period from 2020/21 to 2029/30 stated in the Long Term Housing Strategy Annual Progress Report 2019, we will continue our efforts in increasing and expediting 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 continue to seek ways to enhance productivity by collaborating with stakeholders in the building industry to devise innovative, streamlined, labour-saving construction methods for the downstream construction stages of foundation and superstructure works.

34. To better sustain our ageing housing stock, we will continue to implement our sustainability-focused maintenance strategy, emphasising preventive maintenance, people-based and customer-oriented approaches for the implementation of maintenance and improvement programmes and energy-saving initiatives.

CONCLUSION

35. As demonstrated by the awards and labels we received during the year, our Programme of Activities is effective in providing green, healthy and affordable quality housing. We will continue to collaborate with stakeholders on all fronts to further enhance the delivery process of public housing. In meeting the housing production target in the coming years, we will continue to uphold HA's core values of caring, committed, customer-focused and creative in serving the community, striving for innovations and making effective use of resources in an environment-friendly manner.

36. I thank all BC Members and staff of the Department for their valuable contributions and unfailing support to the work of BC during the past year.

Dennis KWOK Wing-hang
Chairman, Building Committee^{Note 10}

Note 10 The tenure of BC chairmanship of Hon Dennis KWOK Wing-hang ended on 31 July 2020.

Achievement in BEAM Plus Certification for New Buildings in 2019/20

Rating	Scheme	Project
Platinum Rating in the Provisional Assessment	BEAM Plus Pilot Version 2.0 for New Building	Public Housing Development at Tsing Hung Road
Gold Rating in the Provisional Assessment	BEAM Plus Version 1.2 for New Buildings	Subsidised Sales Flats Development at Ma On Shan Road
		Public Housing Developments at Tai Po Area 9 and Chung Nga Road East, Tai Po
		Subsidised Sale Flats Development at On Muk Street Phase 1, Shek Mun, Sha Tin
Platinum Rating in the Final Assessment	BEAM Plus Version 1.2 for New Buildings	Wah Ha Estate
		Kwai Tsui Estate
		Lin Tsui Estate
Gold Rating in the Final Assessment	BEAM Plus Version 1.2 for New Buildings	Mei Pak Court
		Mei Ying Court
		Sheung Chui Court
		Ching Chun Court
		Ngan Wai Court
		Ngan Ho Court

Certified Standards

Certified Standard	Scope	Certified Since
Development and Construction Division		
ISO 9001:Quality Management	Planning, design, project management and contract administration for the construction of public housing.	1993
ISO 14001: Environmental Management	Planning, design, project management, contract administration and materials testing for the construction of public housing.	2009
ISO 50001:Energy Management	Planning, design, project management and contract administration for the construction of public housing.	2012
ISO 45001: Occupational Health and Safety Management System	Materials testing for the construction of public housing.	2020
Estate Management Division		
ISO 9001:Quality Management	Planning, design, project management and contract administration for the planned maintenance and improvement of public housing.	1993
ISO 14001: Environmental Management	Planning, design, project management and contract administration for the planned maintenance and improvement of public housing. Provision of property management services (including cleansing, security, landscaping and office administration) in public housing estate.	2011
ISO 50001:Energy Management	Planning, design, operation, project management and contract administration for facility management and improvement works of the communal areas of public rental housing domestic blocks.	2013
ISO 45001: Occupational Health and Safety Management System	Planning, design, project management and contract administration for the planned maintenance and improvement of public housing.	2019
Independent Checking Unit		
ISO 9001:Quality Management	Building Control for Public Housing	2014
ISO 14001: Environmental Management	Building Control for Public Housing	2014

Other Quality Schemes and Standards

Scheme/Standard	Scope	Adopted Since	Remarks
Development and Construction Division			
ISO 26000:Social Responsibility	Planning, design, project management and contract administration for the construction of public housing.	2010	Integrated with other management systems of DCD. A non-certifiable standard, but measured through HKQAA CSR Advocate Index. For the eighth consecutive year since 2012, DCD achieved the full score of 5.0.
ISO 31000:Risk Management	Planning, design, project management and contract administration for the construction of public housing.	2010	Integrated with other management systems of DCD.
European Foundation for Quality Management (EFQM) Excellence Model	Planning, design, project management and contract administration for the construction of public housing.	2010	Integrated with other management systems in DCD.
Estate Management Division			
ISO 19011:Auditing Management System	Internal audit for planning, design, project management and contract administration for the planned maintenance and improvement of public housing.	2012	Integrated with other management systems of EMD. A non-certifiable standard, but verified through HKQAA with Verification Statement obtained in 2013.
ISO 26000:Social Responsibility	Planning, design, project management and contract administration for the planned maintenance and improvement of public housing.	2012	Integrated with other management systems of EMD. A non-certifiable standard, but measured through HKQAA CSR Advocate Index. For the sixth consecutive year since 2014, EMD achieved the full score of 5.0.

Scheme/Standard	Scope	Adopted Since	Remarks
ISO 31000:Risk Management	Planning, design, project management and contract administration for the planned maintenance and improvement of public housing.	2012	Integrated with other management systems of EMD. A non-certifiable standard, but verified through HKQAA with Verification Statement obtained in 2013.
HKQAA Sustainable Building Index (SBI) Scheme	Sustainability performance on environmental, social and economic aspects of domestic blocks in ten estates with major block types.	2012	A non-certifiable standard, but verified through HKQAA SBI Scheme. HA became the first organisation obtained the HKQAA SBI Verified Mark in 2012.

Project Related Local Awards

Organiser/Award Title	Project/Research Topic	Category and Level Attained
Hong Kong Institute of Project Management – Hong Kong Institute of Project Management Achievement Awards 2018	Lin Tsui Estate, Public Rental Housing Development at Lin Shing Road, Chai Wan	Construction/Engineering – Winner
Hong Kong Institute of Project Management – Hong Kong Institute of Project Management Awards 2018	Green Form Subsidised Home Ownership Scheme at San Po Kong (King Tai Court)	Sustainability – Winner
Hong Kong Institute of Architects – HKIA Cross-Strait Architectural Design Awards 2019	Shui Chuen O Estate Public Rental Housing Development at Sha Tin Area 52	Residential – Silver Award
The Chartered Institution of Building Services Engineers Hong Kong Branch – CIBSE Hong Kong Awards 2019	Po Heung Estate (Po Heung Street, Tai Po)	Project of the Year Awards – Residential Building – Winner
Hong Kong Green Building Council – Green Building Award 2019	BIM-enabled Systematic Approach to Foundation Design (BIM-SAFD)	Research Category – Merit Award
Hong Kong Green Building Council (HKGBC) & Professional Green Building Council (PGBC) – Green Building Award 2019	Construction of Public Rental Housing Development at Ex-Kwai Chung Police Married Quarters	New Buildings Category – Completed Projects – Residential Building – Finalist
Autodesk Hong Kong – Hong Kong Building Information Modelling (BIM) Awards 2019	Modular Flat Design in Public Housing Developments – Adopting BIM for Collaboration and Integration	Research Category – Honourable Mention

Report by the Chairman of the Commercial Properties Committee for 2019/20

INTRODUCTION

The Commercial Properties Committee (CPC) held three meetings during the year. In May 2019, Members also visited a new Housing Authority (HA)'s shopping centre and some non-domestic facilities to view conversion works for optimisation of use. Amidst challenging economic conditions since the second half of 2019 due to social incidents and the epidemic, the Housing Department (HD) has continued various leasing and promotion efforts to enhance the potential and business environment of HA's retail facilities. HD has also continued to identify enhancement opportunities and undertake feasibility studies and improvement works under the five-year rolling programme for asset enhancement of HA's retail and carparking (RC) facilities.

ISSUES DISCUSSED

New Developments

2. During the year, retail facilities in Kai Long Court, Lai Tsui Court, Po Shek Wu Estate, and Shek Kip Mei Estate (Phase 6) were completed. As at the end of March 2020, the total retail stock stood at around 260 000 m² internal floor area.

Existing Retail Facilities

Asset Enhancement Works

3. Since 2011, HD has formulated a five-year rolling programme for asset enhancement of HA's RC facilities to meet residents' needs and optimise the use of resources. In accordance with the results of the Strengths-Weaknesses-Opportunities-Threats analysis for HA's commercial portfolio, a number of RC facilities have been identified for feasibility studies and asset enhancement through major improvement works, re-designation of trade mix and conversion of usage according to the priority set.

4. To fulfill the objective of enhancing the potential of HA's commercial properties and improving business environment, HD has continued to identify asset enhancement opportunities and roll forward the programme. During the year, the improvement and conversion works in Shek Pai Wan

Shopping Centre were completed while those for Lei Muk Shue and Choi Tak Shopping Centres as well as the market facilities in Shek Kip Mei and Pok Hong Estates were in good progress. Meanwhile, retail facilities in Yau Lai, Choi Ying and Tin Ching Estates were earmarked for detailed studies so as to optimise the potential of the facilities and attract patronage from existing and new developments nearby.

Marketing Initiatives

5. In the year, HD continued to adopt a flexible and market-oriented letting strategy for new shopping centres such as Lai Tsui Shopping Centre. HD prioritised the provision of daily necessities, including supermarkets and eateries, and widened the trade mix to offer more choices for residents with a view to fulfilling the objective of enhancing the business potential of HA's commercial facilities and providing services to meet the needs of public housing tenants and local community.

6. HD took the opportunity of the tenancy renewal exercise for Domain to widen the trade and tenant mix, adopting flexible leasing strategies and combining adjoining shops to form larger leasing areas to attract popular tenants. The combined shop was successfully let to a renowned brand of Italian specialty restaurant, which brought footfall and enhanced the shopping ambience. A traditional Chinese bakery shop of a renowned brand and a trendy doll-claw vending machine shop were also introduced, which were well received by tenants and customers of Domain.

7. To meet the needs of residents and in line with market trend, we have been letting premises for the operation of various modes of banking services, including conventional bank branches and self-service banks. We have also been letting increasing number of sites for automatic teller machines. The launch of mobile banking services in HA's public rental housing (PRH) estates have also brought much convenience to our residents and the local community. HD has continued to collaborate with three major banks to expand the mobile banking services in our estates. As at the end of March 2020, mobile banking services have covered 30 HA's PRH estates.

8. In response to the popularity of online shopping and growing demand for logistics services, we have continued to let retail premises and sites for express delivery services and parcel lockers. As at the end of March 2020, parcel lockers have been set up in 41 HA's PRH estates and shopping centres.

Provision of free Wi-Fi Service

9. In collaboration with the Government, we enhanced the free Wi-Fi service at HA's shopping centres and major retail facilities. In early 2020, free Wi-Fi service under the Wi-Fi.HK brand have been made available to the public at HA's 37 shopping centres and major retail facilities in 15 PRH estates. HD will keep in view the effectiveness of the service and maintain close liaison with the Office of the Government Chief Information Officer for necessary enhancement.

Vacancy

10. Through enhancing the potential of HA's commercial properties and improving business environment by proactive leasing and promotion strategies, the overall vacancy rate for retail premises was maintained at a low rate of 2.1% as at the end of March 2020.

Rent Arrears

11. The year-end performance for the rent arrears rate as at the end of March 2020 was 2.3%, which was within the performance target at less than 2.5%.

Carparks

Management Services of Carparks

12. HA had a portfolio of 174 carparks providing about 31 800 parking spaces as at the end of March 2020. Six management contracts have been procured for the management of 100 carparks by two carpark operators, and the rest are under the management of HD's staff and other property management agents. Carpark automation and electronic payment system by Octopus have been in place in most of the carparks to enhance cost effectiveness and users' convenience.

Carpark Charges

13. HA charges fees at market level for its parking spaces, and the fees are reviewed annually and take effect on 1 January of the following year. In reviewing the charges, reference is made to the prevailing market level including carpark charges of other public bodies and comparable private sector. Having regard to the market conditions, we approved maintaining the carpark charges at the 2019 level until the end of December 2020.

Maximising the Usage of Carparks and Addition of Parking Spaces

14. To ensure the best use of resources, HD has been keeping in view closely the usage and occupancy position of HA's carparking facilities and various measures have been taken from time to time to maximise the usage and meet the needs of residents and the local communities. These measures included re-designation of parking spaces for other types of vehicles, converting surplus monthly parking spaces for hourly parking, adopting floating parking system in some of HA's carparks with hourly parking to enable the sale of more monthly tickets, and letting surplus parking spaces to non-residents upon obtaining necessary permissions, etc. Through the implementation of these measures coupled with the increasing demand for carparking facilities, HA's carparks have attained an overall occupancy rate of around 96% as at the end of March 2020.

15. HA has been supporting Government's initiatives to increase carparking spaces to meet the growing demand. For HA's new development projects, if it is technically feasible, HA will provide parking spaces at the upper end of the standards stipulated in the Hong Kong Planning Standards and Guidelines (HKPSG). We will also consider providing additional parking spaces on a case-by-case basis provided that it would not result in flat loss, programme delay or substantial costs to HA. For HA's existing carparks and estates, HD had created about 100 additional parking spaces in 12 estates by making use of open space, realignment of parking spaces, re-designation of spaces for the parking of other types of vehicles, etc. HD is working on the further creation of some 70 additional parking spaces in five estates, and will continue to keep in view the usage of HA's carparking facilities and opportunities for addition of more carparking spaces.

Provision of Electric Vehicle Charging Facilities

16. We continued to support Government's policy to promote the wider use of electric vehicles (EVs) in Hong Kong, and continued to offer a maximum of two hours' free parking for EVs during charging in HA's carparks.

17. Apart from the quick and medium EVs charging facilities installed by the two power companies in seven HA's carparks, standard EVs charging facilities were provided in the carparks of new PRH estates in accordance with the HKPSG. In addition, standard EVs charging facilities were also provided at parking spaces let on monthly basis in some existing carparks, if technically feasible, in response to demand.

18. In support of Government's initiatives to enhance the charging network for EVs, HD had conducted a feasibility study for the provision of additional medium chargers at hourly parking spaces of HA's carparks. The installation of 12 medium chargers at hourly parking spaces in Domain, Tak Long Estate and On Tat Estate had been completed in January 2020. HD will keep in view the usage of these medium chargers and gradually install more medium chargers in suitable carparks.

19. As at the end of March 2020, we have provided EVs charging facilities (including about 40 medium/quick chargers) at about 250 hourly parking spaces and about 830 monthly parking spaces in HA's carparks.

Factory Estates

20. There are six factory estates under HA, namely Chun Shing, Hoi Tai, Kwai On, Sui Fai, Wang Cheong and Yip On, providing units of suitable sizes for manufacturers of light industries.

21. The Government has introduced the Fire Safety (Industrial Buildings) Bill to upgrade the fire safety standards of industrial buildings constructed before 1987. As HA's industrial buildings were all built before 1987, they will be subject to the control of the Bill upon its enactment. HD would need to study and identify fire safety improvement works required so as to meet the standards under the new legislation. When conducting the above studies, HD would also explore the feasibility of redeveloping individual factory estate sites for public housing use where feasible and under appropriate conditions and arrangements. Upon completion of the studies, HD will report to us the findings and recommendations. Meanwhile, to minimise the number of tenants that would be affected by the resulting works, we have frozen the letting of vacant factory units for the time being.

Telecommunications Installations

22. The total number of telecommunications installations erected in HA's premises has remained unchanged since last year. The monthly charges for these installations are reviewed annually and take effect from 1 April of the year. According to established policy, the licence fees were set at market level by making reference to the latest market evidence gathered from the operators and the Rating and Valuation Department for the letting of various telecommunications sites in private properties. We approved to maintain the existing charges for different types of telecommunications installations at HA properties with effect from 1 April 2020.

Rent Concession Measures for Housing Authority's Retail and Factory Tenants

23. In line with the Government's helping measures to support enterprises and relieve people's financial burden, we approved three rounds of measures in September and October 2019 as well as in March 2020 granting 50% rent concession to eligible retail and factory tenants for 12 months from 1 October 2019 to 30 September 2020. A total of about 2 450 retail and 3 300 factory tenants have been benefiting from the rent concessions, and the total amount of rent foregone by HA was estimated to be around \$778 million.

Rates Concession Exercise for Non-domestic Premises

24. To align with Government's measures to waive rates for the financial year of 2019/20, we approved the arrangements to pass on the rates concession to eligible non-domestic tenants/licensees on a "no-loss-no-gain" principle subject to a ceiling of \$1,500 per quarter for each rateable property. In December 2019, the Government announced among other measures an enhanced rates concession by increasing the exemption ceiling from \$1,500 to \$5,000 for each non-domestic property chargeable to rates for the fourth quarter of 2019/20. We approved the same arrangements to pass on the enhanced rates concession for the fourth quarter of 2019/20 to HA's eligible non-domestic tenants/licensees on a "no-loss-no-gain" principle.

25. Furthermore, in line with the Government's measures to waive rates for the four quarters of 2020/21, subject to a ceiling of \$5,000 per quarter in the first two quarters and a ceiling of 1,500 per quarter in the remaining two quarters for each rateable non-domestic property, we approved to pass on the rates concession to eligible non-domestic tenants/licensees.

Arrangements for Commercial Lettings Affected by the Temporary Use of Public Rental Housing Estates as Government Quarantine Facilities

26. Commercial lettings in two newly completed PRH estates were affected by arrangements for use as quarantine centre (QC). Fai Ming Estate (FME) in Fanling was maliciously vandalised and seriously damaged in late January 2020, following Government's announcement of its use as QC, and substantial period of time would be required for reinstatement works. Subsequently, the government decided to use Chun Yeung Estate (CYE) in Fo Tan as QC and the entire estate (including the shopping centre) was handed over to the Government in early February.

27. Due to uncertainty in the anticipated intake dates, the tender for letting of the shop premises in FME was cancelled. Regarding the 17 shop premises and one Single Operator Market at CYE, tenders for letting of the premises had been accepted and successful tenderers were given the option to withdraw with full refund of deposits as a special arrangement. Three of the successful tenderers chose to withdraw. HD would keep in view the development and arrange for re-letting and intake of the premises concerned in due course.

Review of Ex-gratia Allowance for Commercial Tenants Affected by Redevelopment/Clearance

28. To ease the impact on commercial tenants affected by HA's redevelopment/clearance of PRH estates and to facilitate the smooth implementation of the redevelopment/clearance exercises, it has been the established practice to offer an ex-gratia allowance (EGA) and restricted tender opportunity to lease shopstalls in HA's markets or a lump sum payment (LSP) in lieu to them. The EGA and LSP are reviewed biennially.

29. In December 2019, we approved to maintain the rate of EGA at 15 times the monthly exclusive rent specified in the tenancy agreement on the date of formal announcement of the redevelopment/clearance exercise and to fix the amount of LSP at \$137,000. The approved rates will be payable to eligible commercial tenants paying market rent under fixed term tenancies affected by redevelopment/clearance, if any, within the next two years commencing from 1 January 2020.

Promotion Activities

30. To maintain the popularity and attractiveness of Domain as a regional mall and entertaining hub, a full range of events during major festivals/special days as well as special themed events were arranged during the year, which had proved to be popular and attractive to youngsters and young families. The major special themed events included The Fish Kaleidoscope – Stream Explorer in Lantau Nature Aquarium Exhibition, Environment and Conservation Fund Decluttering lifestyle: The Joy of Less, Summer Dynamic Green Farm, Hong Kong Underwater Photo & Video Competition 2019, Pororo Winter Amusement Park, and a series of Lifestyle Trade Fairs and Expos in partnership with renowned brands, etc. These events had been taken on board together with the launch of Domain Club loyalty programme and other promotion programmes through our website and other suitable social media platforms to reach potential customers and enhance their loyalty, frequency of visits and repeated purchases. Short-term lettings of kiosks, roadshows and festive trade fairs were also arranged to enrich the choice of products and

services, which had successfully attracted patronage and brought delightful shopping experience to visitors and customers.

31. In other HA's shopping centres, we continued to centrally arrange promotional activities and festive decorations during major festivals in the year, enhancing the shopping ambience in a cost-effective manner. In 2019/20, 1 011 hours of promotion activities were held in 16 major shopping centres, whilst decorations for 34 shopping centres and estates were provided during major festivals. During the year, a celebration ceremony was also held to mark the opening of Yan Tin Shopping Centre, enhancing its publicity as well as shopping ambience.

32. In view of the epidemic and the need for social distancing, major promotional events at HA's shopping centres had been withheld since the Chinese New Year. However, to enhance shopping ambience, attract patronage and boost sales, festive decorations, lucky draw and gift redemption activities had continued to be arranged at HA's shopping centres.

Community Services

33. In collaboration with various non-governmental organisations (NGOs), Institutions and Government departments, a total of 25 charity, civic, cultural and community building events or activities, such as Promotion of Elderly Services as well as Smoke-free Community Campaign, exhibitions promoting environmental concern and community mental health were held in HA's shopping centres in the year.

Review of Arrangements for the Supply of Centralised Liquefied Petroleum Gas to Public Rental Housing Estates

34. There are currently 15 PRH estates installed with centralised liquefied petroleum gas (LPG) supply system. In the past, HA would renew the LPG contract with the existing supplier if its performance had been satisfactory during the contract period. Following a comprehensive review, we approved in 2017 the new arrangements to tender for LPG supply contracts for PRH estates upon expiry of the existing ones. We also approved the bundled tendering of contracts for the supply of LPG to Wah Fu (II) Estate and Nga Ning Court as a trial. In November 2019, having considered HD's report on the results of the trial tender exercise, stakeholders' feedbacks and the experience gained, we approved the refined tendering arrangements for implementation in other PRH estates. We also approved the arrangement of a bundled tender exercise for supply of LPG to a PRH estate and an adjoining Home Ownership Scheme estate sharing the same LPG compound as a trial.

THE WAY FORWARD

35. We have endorsed the 2020/21 programme of activities focusing on the theme of enhancing the attractiveness of commercial properties. While we are facing challenging economic conditions at the moment, HA's commercial facilities mainly serve local residents and have been able to better withstand economic changes. We will keep in view the epidemic development and continue to adopt proactive measures in the marketing and letting of retail facilities in line with the market trend. We will also continue to explore new avenues and widen the choice of goods and services for our residents and the local community.

36. We will keep in view our letting strategies with a view to optimising the business potential of HA's new and existing retail facilities and achieving a diversified trade mix. We will also continue to review the five-year rolling programme for asset enhancement and identify new enhancement opportunities to meet the objective of enhancing the potential of HA's commercial properties and improving business environment. Given the declining stock available for large scale improvement, further implementation will focus on smaller scale works or enhancement of trade mix to meet the needs of the residents.

37. We will focus on festive decorations and promotional activities involving gift redemptions and lucky draws to attract patronage and boost sales for Domain and other HA's shopping centres in 2020/21. Depending on the epidemic development and the need for social distancing measures, we will consider arranging themed events if situation permits at a later stage.

38. We will also continue to support and promote the Government's initiatives in environmental protection such as collaborating with NGOs to launch environmental protection programmes/activities in HA's shopping centres. Besides, we will encourage tenants to participate in environmental protection campaigns for food waste reduction and recycling, avoid the use of disposable plastic tableware, etc. Furthermore, we will continue to implement various green measures for reduction in energy consumption.

39. We will continue to keep in view the use of HA's non-domestic facilities to optimise the use of resources and meet the needs of residents of HA's PRH estates.

CONCLUSION

40. In the last year, we have continued to implement improvement/conversion programmes and enhanced leasing strategies, optimising the utilisation of HA's commercial facilities. The total retail floor space under HA has increased as a result of new production and improvement measures for existing facilities, and the overall vacancy rate of retail premises has been maintained at a low level. We also saw HD's great efforts in introducing new trades and enhancing tenants' profile, which have maintained Domain's attractiveness, competitiveness and its position as HA's regional shopping centre.

41. 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 HD for their contribution and unfailing support to the work of CPC.

Serena LAU Sze-wan
Chairman, Commercial Properties Committee

Report by the Chairman of the Finance Committee for 2019/20

INTRODUCTION

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

FINANCE COMMITTEE MEETINGS

2. A total of three FC meetings were held in 2019/20.

SUMMARY

Finance and Funds Management

Financial Planning and Management

3. In 2019/20, the Housing Department (HD) reviewed the financial planning and budgeting process, and issued an updated Financial Instruction promulgating the main budgetary process and promoting cost consciousness. In January 2020, FC reviewed and endorsed HA's Budgets and Forecasts for 2019/20 to 2023/24, which was subsequently endorsed by HA and approved by the Chief Executive.

4. To take into account the latest financial reporting standards and to align with changes in HA's services and activities, FC also reviewed and approved during the year the updated HA's financial and accounting regulations and accounting policies.

Budgets and Forecasts

5. According to HA's Budgets and Forecasts for 2019/20 to 2023/24, the cash and investment balance of HA is projected to be about \$35 billion by the end of March 2024. It is also projected that HA will have the necessary financial resources to meet its recurrent expenditure and implement its current public housing construction programme and maintenance programme in the budget and forecast period.

6. The Government has earmarked \$82.4 billion (the balance of the previous Housing Reserve) in the fiscal reserves for development of public housing and related infrastructure to demonstrate the Government's firm commitment in this regard. HA will continue to monitor its funding position and discuss with the Government on the quantum and timing of funding injection, if so required. According to the established mechanism, HA will conduct the annual rolling five-year budgeting process and assess its financial position and future funding requirements.

Investment Strategy

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

8. According to HA's Statement of Investment Policies and Objectives, an overall Strategic Asset Allocation (SAA) review should be conducted every three years with annual risk budgeting health check in between, taking into account the latest financial market situation and risks. An annual health check on the SAA was conducted in 2019/20, with the assistance of an independent investment consultant. With the advice and support of the Funds Management Sub-Committee (FMSC), FC agreed with the consultant's recommendations to maintain the current SAA, i.e. to allocate around 80% of HA's funds to principal protection placements with the Exchange Fund, 12% to equities and 8% to HKD/USD deposits and bonds. The portfolio mainly comprises investments with relatively stable return.

Human Resources

Staff Increase to Cope with the Public Housing Supply Target and Other Housing Initiatives

9. We continued to closely monitor the manpower requirement of the Department and seek additional staffing resources for delivering the housing related initiatives. In 2019/20, out of the 87 new civil service (CS) posts secured, 64 posts of which were funded by HA for meeting the public housing supply target under the Long Term Housing Strategy, providing estate management services for public rental housing (PRH), administering a new PRH Application System and handling PRH applications, and the sale of subsidised sale flats (SSFs). The remaining 23 new CS posts were funded by the Government for implementing infrastructure projects and community facilities for public housing developments, monitoring the supply and timely

delivery of suitable public housing sites, performing building control functions for buildings which are subject to the Buildings Ordinance, performing duties under the Residential Properties (First-hand Sales) Ordinance and implementing various community initiatives on transitional housing.

Recruitment and Promotion Exercises

10. We continued to conduct recruitment and promotion exercises to fill new posts and vacancies arising from natural wastage. In 2019/20, 44 recruitment exercises and 50 promotion exercises were carried out. Altogether, around 650 new colleagues joined the Department and around 540 serving staff were recommended for promotion/acting in higher ranks.

Flexible Use of Supplementary Workforce

11. We continued to make flexible use of supplementary workforce, viz. body-shopped personnel, HA term staff and staff employed under the Government's Post-retirement Service Contract (PRSC) Scheme to meet special and/or temporary job needs. As at 31 March 2020, 1 319 body-shopped personnel, 77 term staff and nine PRSC staff were engaged.

Conditions of Service of Housing Authority Contract Staff

12. To make the remuneration package of HA contract staff broadly comparable with that in the market for attracting and retaining the required talent, FC endorsed in July 2019 for the Department to launch a consultancy study to review the contract staff's remuneration package (including the pay levels and fringe benefits). The Department will submit the findings and recommendations of the consultancy study to FC for consideration in the third quarter of 2020.

Staff Training and Staff Engagement Initiatives

13. We continued to provide comprehensive training for different levels of staff to build a competent, engaged and motivated workforce. In 2019/20, about 37 300 staff were arranged to attend around 950 training programmes. Various activities were also organised, including the Extra Mile Card Plan (a departmental staff recognition scheme to encourage exemplary performance of staff), workshops to foster the culture of care and support in the work place, and publication of success stories of high-performing teams to promote HA's core values. In addition, a new series of seminars and online learning resources to promote healthy living were provided.

Information Technology

14. HA has been effectively making use of IT and implementing IT initiatives to meet its business needs and improve its operational efficiency and service quality. At present, over 100 IT systems/ services are in operation to support the day-to-day business of HA including business processes for PRH and SSF schemes, development and construction, estate management, and Independent Checking Unit's building control processes.

Enhancing Public Services

15. HA successfully launched the e-submission service for the public to submit applications of the Home Ownership Scheme (HOS) and the White Form Secondary Market Scheme in May 2019. About 70% of the applications have been submitted online in the application opening period. Riding on the experience gained in the HOS exercise, the e-submission service was further extended to application of the Green Form Subsidised Home Ownership Scheme in December 2019. Around 55% of the applications have been submitted using the e-submission service in the application opening period.

16. HA launched a new e-service "Easy Form Filling for Public Rental Housing Application" for PRH applicants to fill in application forms online in April 2020. Through the provision of step-by-step form filling features with guidance notes to applicants and online checking on eligibility of the applications, the e-service enables applicants to complete the application form effectively and efficiently. Applicants can also check their application status online after submitting the application forms. This e-service is user-friendly and convenient, and help improve our customer service.

Improving Housing Authority's Effectiveness and Efficiency

17. Enterprise Resource Planning (ERP) system is an integrated system to support finance, procurement, estate services and estate maintenance business operations of HA. FC approved the upgrade of hardware, system software and database of the ERP system vide Paper No. FC 18/2018 in April 2018, and the upgraded system has been in operation since December 2019. With the migration of the upgraded system to HA-Cloud infrastructure, the system now enjoys the benefits of reducing downtime and more efficient provision of computing resources to address system demand.

18. A big data analytics pilot project for HOS flat pricing evaluation was completed in May 2019. In the past, users collected data from a limited number of private properties from external web sites manually and compiled primitive reports for flat pricing analysis. The system brings marked improvement in operational effectiveness and efficiency through automating the data collection process, removing the limitation on number of private properties for data collection and enabling comprehensive property analysis, fast data processing and user-friendly data visualisation tool.

Enhancing Information Technology Infrastructure

19. HA-Cloud Infrastructure, as a flexible platform for hosting IT systems, provides a shared pool of hardware resources, a standardised model of resources allocation and centralised support of the platform to all project teams. Since December 2018, the basic infrastructure has been ready for hosting IT systems. The migration of IT systems to HA-Cloud has been in good progress. We have so far completed migration of 27 out of 72 systems. It is expected that migration of all IT systems will complete by 2021/22. Migration/ redevelopment of systems for some 38 approved projects are in progress. We plan to seek approval for the remaining seven migration projects within 2020/21.

FINANCIAL PERFORMANCE

20. The key figures for HA's 2019/20 financial performance are summarised below –

	2019/20 Provisional Result ^{Note 1}	2019/20 Revised Budget	Variance
	<A>		<A> -
	\$M	\$M	\$M
Operating Surplus			
Rental Housing	720	140	580
Commercial	1,326	1,271	55
Home Ownership Assistance	11,018	10,947	71
Net Non-operating Income ^{Note 2}	60	25	35
Operating Surplus	13,124	12,383	741
Funds Management Account Surplus	996	1,518	(522)
Agency Account Surplus	43	25	18
Total Surplus before Appropriation	14,163	13,926	237
Appropriation to the Government	(663)	(636)	(27)
Net Surplus after Appropriation	13,500	13,290	210
Capital Expenditure	17,392	18,687	(1,295)
Cash and Investment Balance at year-end	55,882	53,207	2,675

21. The provisional operating surplus for the Rental Housing Operations in 2019/20 was higher than the Revised Budget by \$580 million, mainly due to the lower than budgeted spending on personal emoluments, maintenance and improvements and other recurrent expenditure. The provisional operating surplus for the Commercial Operations was higher than the Revised Budget by \$55 million, mainly due to the lower than budgeted spending on personal emoluments and other recurrent expenditure. The provisional operating surplus for the Home Ownership Assistance Operations was higher than the Revised Budget by \$71 million, mainly due to

Note 1 These are provisional figures which may be subject to year-end and audit adjustments upon finalisation of the 2019/20 annual accounts.

Note 2 Net non-operating income includes mainly income from the Urban Renewal Authority for rental flats allocated to affected tenants.

early completion of sale of one HOS project, partly offset by smaller number of Tenants Purchase Scheme flats sold and lower alienation premium.

22. The Funds Management Account had a provisional surplus of \$996 million in 2019/20, which was lower than the Revised Budget by \$522 million, mainly due to the lower than budgeted return on the equity portfolio as a result of the drop in global equity markets amid the epidemic situation in early 2020. The overall return for HA's funds in 2019/20 was 1.97%, as compared to the Revised Budget return of 3.00%.

23. Taking into account the Agency Account result and the appropriation to the Government, the provisional net surplus in 2019/20 was \$13,500 million, as compared to the projected net surplus of \$13,290 million in the Revised Budget.

24. The provisional capital expenditure in 2019/20 was \$17,392 million, which was lower than the Revised Budget of \$18,687 million by \$1,295 million, mainly due to construction programme adjustments of some projects.

25. As at 31 March 2020, HA had a provisional cash and investment balance of \$55.9 billion, which was \$2.7 billion higher than the Revised Budget of \$53.2 billion, mainly due to early completion of sale of one HOS project and the lower than budgeted construction payments in the year.

THE WAY FORWARD

26. In 2020/21, FC will continue to review and examine HA's financial performance, and budgets and forecasts. FC and its FMSC will continue to closely monitor the performance of HA's fund managers and review HA's investment strategy, taking into account the latest financial market situation and risks, and HA's liquidity requirements.

27. In addition, FC will continue to provide policy steer to enable the Department to maintain and enhance human resources management services.

28. HA will continue to review the IT systems profile regularly with a view to implementing new IT initiatives and upgrading various systems to facilitate the latest business and operational needs.

CONCLUSION

29. 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.

CHAN Ka-lok
Chairman, Finance Committee

Report by the Chairman of the Subsidised Housing Committee for 2019/20

INTRODUCTION

Insofar as the Subsidised Housing operation is concerned, our work and efforts concentrate mainly on the themes of “Providing Quality Home”, “Promoting Sustainable Living” and “Optimising and Rationalising the Use of Public Resources”. The Subsidised Housing operation continues to focus on the allocation, management and maintenance of the public rental housing (PRH) stock of the Housing Authority (HA) to address the public needs. We also strive to enhance community bonding and family cohesion and put much effort in safeguarding the rational and efficient use of public resources as well as meeting the home ownership aspirations of PRH tenants.

2. In 2019/20, the Subsidised Housing Committee (SHC) held five meetings, three separate meetings with concern groups and issued 60 papers.

OPTIMISING AND RATIONALISING THE USE OF PUBLIC RESOURCES

Implementation of “Well-off Tenants Policies”

3. SHC endorsed revisions to the “Well-off Tenants Policies” in late 2016/early 2017 with a view to allocating PRH resources to those with more pressing housing needs. The revised Policies have been implemented from the declaration cycle in October 2017. At its meeting on 14 February 2018, SHC noted that the implementation of the revised Policies has largely been in order and endorsed the following further enhancement measures which have been implemented starting from the declaration cycle in April 2018 –

- (a) prior to the implementation of the enhancement measures, households on shared tenancies or whose members are all (i) aged 60 or above; or (ii) receiving Comprehensive Social Security Assistance; or (iii) eligible for/receiving Social Welfare Department’s Disability Allowance were exempted from the Policies. SHC endorsed extending the exemption to households with all members in different combinations of (i), (ii) and (iii) above; and

- (b) to allow households to deduct lump-sum non-statutory compensations and special financial assistance received due to the death of family members in the tenancy in calculating total asset value.

4. HA will continue to closely monitor the implementation of the revised “Well-off Tenants Policies” to ensure rational allocation of PRH resources.

Curbing tenancy Abuse/Checked by Dedicated Central Team/Publicity Programmes

5. HA has adopted a three-pronged approach to curb tenancy abuse, which includes carrying out daily estate management measures and biennial flat inspections by estate staff to detect tenancy abuse; conducting in-depth investigation by the central dedicated team on randomly selected cases, suspected abuse cases referred by frontline management and those reported by the public; and launching a series of publicity and educational programmes to raise public awareness on the rational use of PRH resources through different channels. In 2019/20, intensive checking on some 6 300 occupancy-related cases and some 5 800 income and assets declarations were completed.

6. One of the crucial tasks of HA’s publicity work is to continuously educate the tenants and public to be aware of the importance of the proper use of public housing resources. In 2019/20, HA launched a series of publicity programmes, including fun fairs in 27 PRH estates with educational games, exhibition panels and a photo corner for taking photos with the model of the Housing Protector to reinforce the deterrence and encourage the reporting of tenancy abuse. A Kick-off Ceremony collaborated with RTHK, officiated by Housing Department’s Deputy Director, and attended by Estate Management Advisory Committee (EMAC) representatives was held at HA’s commercial complex, Domain. Moreover, visits to EMAC meetings were arranged to enlist their support to combat tenancy abuse and to encourage reporting of abuse. Making use of radio publicity, during the year, five episodes of radio dramas on promoting “Fight Tenancy Abuse” were broadcasted at RTHK Radio 2.

7. Furthermore, HA also launched extensive promotion through various channels, including advertisements at bus and minibus bodies, distribution of aerogrammes and calendar cards to all tenants, displaying publicity posters/banners in estates, regular publicity through Estate Newsletter, and video broadcast on HA/Housing Department Website and Housing Channel.

Allowing Owners of Subsidised Sale Flats Launched by Housing Authority to Join the Hong Kong Housing Society's Enhanced Letting Scheme for Subsidised Sale Developments with Premium Unpaid

8. On 29 July 2019, SHC endorsed HA's joining Hong Kong Housing Society (HKHS)'s enhanced Letting Scheme for Subsidised Sale Developments with Premium Unpaid on a trial basis. Under the enhanced scheme, owners of HA's subsidised sale flats (SSFs) who have owned their flats for ten years or more with premium unpaid may let their flats to eligible PRH applicants as well. Apart from letting bedroom(s) as in the original pilot, the enhanced scheme allows owners to let the entire flat as well.

9. As at 31 March 2020, HKHS received 282 and 506 applications from owners and tenants respectively. HA and HKHS would take into account the feedback from various stakeholders and conduct a mid-term review of the scheme in light of the operational experience after one year of operation.

Facilitating the Launch of the Flat for Flat Pilot Scheme for Elderly Owners of the Hong Kong Housing Society

10. To facilitate HKHS' Flat for Flat Pilot Scheme for Elderly Owners, SHC approved at its meeting on 21 June 2019 to allow eligible elderly owners of HKHS' SSFs who have sold their original flats without payment of premium to buy a smaller one in HA's Secondary Market. HKHS has started receiving applications of the Pilot Scheme since 14 October 2019. As at 31 March 2020, HKHS received seven applications from owners, among which three were eligible applications with "Trade Down Permit" issued while the other four were ineligible. HKHS plans to conduct a review of the Pilot Scheme in about one year's time after the launch.

E-services for Submission of Applications for Subsidised Sale Flats

11. HA has introduced e-services for submission of applications for the Sale of Home Ownership Scheme (HOS) Flats 2019 and White Form Secondary Market Scheme (WSM) 2019 in May 2019. The e-services for submission of applications provides a fast and secure way to allow applicants to submit applications and make payments online via computers or mobile phones. The e-services for the sale exercises ran smoothly, enabling applicants to complete their application forms within an average of about ten minutes. For the Sale of HOS Flats 2019 and WSM 2019, around 300 000 applications were received online, i.e. about 70% of the total applications, showing that the service was well received by the applicants. Based on the experience from the

Sale of HOS Flats 2019 and WSM 2019, HA has extended the e-services for submission of applications to the Sale of Green Form Subsidised Home Ownership Scheme (GSH) Flats 2019 launched in December 2019.

Full Rent Exemption for Elderly Under-occupation Households

12. As announced in 2018 Policy Address, the Government suggested that HA launch a new initiative whereby under-occupation households with all family members aged 70 or above can choose to move to smaller units and enjoy lifetime full rent exemption. This initiative aims to provide a rent-free housing option for such all-elderly households to transfer to new or refurbished units, and to save living expenses. Furthermore, this initiative will help increase the supply of larger units for allocation to households awaiting PRH allocation with more family members. At its meeting on 21 June 2019, SHC endorsed the implementation of a trial scheme which was subsequently launched on 16 December 2019. A review will be conducted after one-year implementation.

Rationalisation of Allocation of Public Rental Housing Resources

13. At the meeting of 20 September 2019, SHC endorsed the removal of the exemption of frozen period for the applications with all members living in PRH under the Single Elderly Persons Priority Scheme, Elderly Persons Priority Scheme and Harmonious Families Priority Scheme. A frozen period as that of ordinary families (currently one year) will be applied. Changes to the current arrangements would apply to new applications received on or after 2 October 2019.

Freezing the Letting of Rental Flats from Tenants Purchase Scheme Estates

14. As at end-March 2020, among the around 180 000 flats put up for sale in the 39 Tenants Purchase Scheme (TPS) estates, about 41 000 flats remained unsold (i.e. around 22%). In the 2019 Policy Address, the Chief Executive proposed that HA make active preparation with a view to accelerating the sale of these flats, so as to further meet the home ownership aspirations of PRH tenants, and solve the estate management and maintenance problems in TPS estates arising from mixed ownership.

15. Having considered the persistent and ardent demand for SSFs, SHC endorsed on 10 March 2020 freezing the letting of rental flats recovered from TPS estates starting from 11 March 2020, with a view to putting up these flats for sale in the future.

Conversion of Ancillary Facilities in Housing for Senior Citizens of HS1 Design to Public Rental Housing Flats

16. HA has been exploring ways to better utilise public housing resources with the aim of increasing housing supply. As a result of the phasing-out programme for the HS1 Design blocks of Housing for Senior Citizens in PRH estates and the cessation of welfare worker services, a number of ancillary facilities, such as warden offices, common/activity rooms, quarters for welfare workers and storerooms become under-utilised in recent years. Taking this opportunity to re-examine the usage, these flats have been converted to normal PRH flats as far as feasible. HA will continue to identify suitable facilities for conversion to PRH to maximise utilisation of housing resources.

PROVIDING QUALITY HOMES

Green Form Subsidised Home Ownership Scheme

17. SHC regularised GSH in January 2018. GSH flats are sold at a discount of 10% more than that determined for the preceding HOS sale exercise.

18. On 4 March 2019, the Strategic Planning Committee endorsed converting the two PRH developments, namely Dip Tsui Court in Chai Wan and Ching Fu Court in Tsing Yi, involving 3 696 flats, for sale as GSH. SHC endorsed the average selling prices and sales arrangements for the Sale of GSH Flats 2019 at its meeting on 15 November 2019. HA launched the Sale of GSH Flats 2019 on 27 December 2019. A total of around 48 000 applications were received, comprising around 44 000 carry-over Green Form applications from Sale of HOS Flats 2019 and around 4 000 new applications. Due to the COVID-19 pandemic, balloting will be conducted on 6 April 2020 through a live broadcast on HA's Facebook page for public viewing. Flat selection, originally scheduled for May 2020, is re-scheduled to commence in late June 2020 depending on the situation of the pandemic.

White Form Secondary Market Scheme

19. SHC regularised WSM in November 2017. At its meeting on 15 March 2019, SHC agreed to launch WSM 2019, with an annual quota of 3 000, together with the Sale of HOS Flats 2019 in May 2019. HA conducted balloting in August 2019 and informed successful applicants in December 2019 to apply for a Certificate of Eligibility to Purchase with a validity period of 12 months.

20. HA's original plan was for SHC to discuss the average selling prices and sales arrangements for the Sale of HOS Flats 2020 and arrangements for WSM 2020, as well as the income and asset limits for White Form (WF) applicants for the two exercises in March 2020, with a view to launching Sale of HOS Flats 2020 and WSM 2020 in April 2020. Due to the COVID-19 pandemic, SHC will discuss the relevant items in June 2020, with a view to launching the Sale of HOS Flats 2020 and WSM 2020 in July 2020.

Sale of Home Ownership Scheme Flats

21. Based on the revised pricing mechanism for SSFs announced by the Chief Executive on 29 June 2018, SHC approved the average selling prices and sales arrangements for the Sale of HOS Flats 2019 on 15 March 2019. At the same meeting, SHC endorsed the income and asset limits for WF family applicants under HOS 2019, at \$58,000 per month and \$2,010,000 respectively. According to the established practice, the income and asset limits for WF one-person applicants are set at half of the limits for family applicants, at \$29,000 per month and \$1,005,000 respectively.

22. A total of 4 871 flats in six new developments were put up for sale in May 2019 with about 310 000 applications received. Balloting was conducted on 15 August 2019 and flat selection commenced on 9 December 2019. Due to the COVID-19 pandemic, flat selection sessions were intermittently suspended and the progress of flat selection has inevitably been affected.

Maintenance for Sustainability (Sustainable Building Index)

23. Ten selected PRH estates, which could give a good representation of typical block types, were fully verified under HA's Building Sustainability Verification System and awarded the Hong Kong Quality Assurance Agency Sustainable Building Index Verified Mark in July 2019. The verification enabled HA to better gauge the sustainability performance of PRH blocks and to formulate an effective long-term maintenance and improvement strategy for its portfolio.

Addition of Laundry Rods

24. To cater for tenants' genuine needs for laundry facilities and to reduce the potential risk of incautious use of laundry rods at high level, HA launched the enhancement programme in 2016 to provide laundry rod as landlord's fixtures for seven types of specified blocks. To date, we have installed laundry rods for around 260 000 PRH flats.

Improvement Works for Fire Safety

25. By end-March 2020, we submitted fire safety proposals for 64 estates to the enforcement authorities and completed joint site inspections for all these estates. Upon acceptance of the proposals, we would proceed with the improvement works including detailed design, plans approval and local consultations.

Collapsible Gate Enhancement Programme

26. To enhance the living standard of tenants and bring the facility up to par, HA had launched the programme for replacement of old-type collapsible gate in 2014/15. To date, some 160 000 gates had been replaced in 108 estates and the programme had been substantially completed in 2019/20. Tenants had received new gates with enhanced security and operational features through the programme.

Total Maintenance Scheme

27. HA launched an in-flat inspection programme under Total Maintenance Scheme in 2006 to proactively inspect the PRH flats which aged ten years or above and to provide timely repair service to the tenants. The in-flat inspection programme was carried out in 37 estates in 2019/20 and around 56 000 flats were inspected during the year.

Responsive In-flat Maintenance Services

28. As an on-going service, the Responsive In-flat Maintenance Services had been providing quality indoor minor maintenance services through prompt response to works requests, close liaison with tenants and proper control of works quality to the tenants of HA.

Mandatory Window Inspection Scheme

29. The Mandatory Window Inspection Scheme (MWIS) is one of the Government's initiatives to improve building safety in Hong Kong. Under the scheme, buildings over ten years old may be selected as target buildings to implement MWIS. For HA properties selected to implement MWIS, Qualified Persons registered with the Buildings Department would be engaged to carry out the prescribed inspection and supervision of the prescribed repair for windows under MWIS. In 2019/20, there were 17 estates implementing MWIS.

Comprehensive Structural Investigation Programme

30. The second cycle of Comprehensive Structural Investigation Programme (CSIP) was commenced in 2018 to ascertain the structural safety and financial sustainability of PRH estates not covered by the first cycle of CSIP but will become aged during the period from 2018 to 2032 as well as the continuing structural safety and financial sustainability of PRH estates already covered in the first CSIP. This will involve a total of 71 PRH estates.

Estate Improvement Programme

31. To ensure the sustainability of the estates retained after CSIP assessment, HA would continue applying the Estate Improvement Programme to these estates in phases to update the recreational facilities, renovate the building exteriors and common areas as well as enhance the landscaping and greening coverage.

Lift Modernisation Programme

32. HA continued to implement the Lift Modernisation Programme in PRH estates. The condition of all lifts over 25 years of age would be evaluated and prioritised in the rolling programme, based on the lift condition and the availability of resources. In 2019/20, 54 lifts were modernised and six tenders for modernisation of 87 lifts in six estates were issued.

Implementation of ISO 50001 Energy Management System

33. Estate Management Division has been certified to meet ISO 50001 standard in energy management since 2013 with its scope covering the planning, design, operation, project management and contract administration for facilities management and improvement works at communal areas of PRH domestic blocks. In June 2019, we successfully renewed ISO 50001 certificate with validity till August 2021. We will continue to implement the energy management system in accordance with ISO 50001 standard.

Energy Conservation/Carbon Emission Monitoring

34. HA has been constantly looking for new energy-saving initiatives that could be applied effectively in PRH estates, and adopted more energy efficient equipment when carrying out refurbishment works. Recent examples were the use of Light Emitting Diode (LED) luminaires to replace existing Compact Fluorescent Lamp (CFL) bulkhead light fittings, exit signs and directional signs during breakdown maintenance, use of variable speed booster

fresh water pump systems to replace conventional booster pump systems and the use of energy-efficient lift drive control systems during lift modernisation works.

35. We continued to conduct the Carbon Audit exercise to monitor carbon emission in 14 selected PRH domestic blocks, which can represent the majority of the domestic block types in HA's housing stock.

ISO 14001 Environmental Management Systems Certification

36. To maintain the ISO 14001 certificate status, the annual surveillance audit to our Environmental Management System on planned maintenance and improvement works as well as property management services was successfully accomplished in May 2019.

ISO 45001 Occupational Health and Safety Management Systems

37. To enhance HA's occupational health and safety performance and to demonstrate our commitment to caring for our staff and stakeholders, we continued to implement the Occupational Health and Safety Management System (OHSMS) for maintenance and improvement works for public housing. The original Occupational Health and Safety Assessment Series (OHSAS) – OHSAS 18001:2007 OHSMS had been successfully migrated to ISO 45001:2018 OHSMS for planned maintenance and improvement works in June 2019. OHSMS enabled us to assess occupational health and safety risks in our M&I works more systematically and efficiently, and allocate our resources more cost-effectively. The system enhanced effectively the awareness of frontline staff on various risks associated with their works.

Quality Water Supply Scheme for Buildings – Fresh Water (Management System)

38. To echo the Government's Action Plan for Enhancing Drinking Water Safety in Hong Kong and take further step to safeguard drinking water quality, HA committed in 2018 to implement Water Safety Plan for Buildings (WSPB) in PRH estates and participated in the "Quality Water Supply Scheme for Buildings – Fresh Water (Management System)" (QMS) administrated by the Water Supplies Department (WSD). WSPB is a systematic and effective management tool for building owners and management agents to prevent or reduce the risks and enhance water safety through assessments along the whole water supply chain of the building, identification of areas where potential contamination in the internal plumbing system may occur, and implementation and monitoring of the relevant control measures.

39. By March 2020, 29 estates had implemented WSPB and obtained the QMS certificates from WSD to recognise HA's efforts in maintaining the internal plumbing system properly. HA will continue to implement WSPB in remaining PRH estates in the coming years.

New Provision of Visual Fire Alarm System

40. To address public concerns and the needs of hearing-impaired (HI) residents living in PRH units, HA implemented the new service for the provision of Visual Fire Alarm (VFA) System inside PRH units from March 2020 even though it is not a statutory requirement. The VFA system inside domestic unit will flash simultaneously with the communal fire alarm bells to alert the HI residents when a fire alarm is triggered.

41. The new service was launched on 17 March 2020. It is voluntary and free of charge to residents. The installation of VFA system will be arranged upon tenants' application. HA will review the effectiveness of the system after implementation for about two years.

PROMOTING SUSTAINABLE LIVING

Review of Income and Asset Limits for Public Rental Housing for 2020/21

42. SHC endorsed the income and asset limits for PRH for 2020/21 on 10 March 2020. Review of the income and asset limits for PRH is conducted annually based on the established mechanism. Under the mechanism, the income limits for PRH are derived using a household expenditure approach, which consists of housing costs and non-housing costs, plus a 5% contingency provision; while the asset limits are adjusted with reference to movements in the Consumer Price Index (A) over the year. The income and asset limits for PRH for 2020/21 increased by an average of 5.4% and 3.4% respectively when compared with the limits for 2019/20. The revised income and asset limits came into effect on 1 April 2020.

Municipal Solid Waste Charging Scheme

43. HA jointly organised with Environmental Protection Department (EPD) a trial implementation of Municipal Solid Waste charging in PRH estates. Phase 1 of the trial was conducted in Ka Fuk, Tai Hang Tung and Yue Wan Estates. EPD provided free dummy designated garbage bags to residents for waste disposal in the trial blocks in the three estates and engaged a non-governmental organisation (NGO) to conduct promotion and publicity.

The trial was welcomed by local stakeholders and the message of waste reduction and recycling was effectively conveyed to the residents. We would continue to collaborate with EPD closely and implement trial schemes by phases in other PRH estates.

44. Moreover, in collaboration with EPD and the Food and Environmental Hygiene Department (FEHD), a pilot scheme was launched to collect source-separated food waste generated from nine HA's wet markets and shopping centres, with FEHD's service contractor for daily delivery of food waste to Organic Resources Recovery Centre Phase 1 for off-site recycling. We are now planning with EPD to extend the food waste collection services to more HA's shopping centres and wet markets.

45. To enhance waste plastic recycling, HA also jointly collaborated with EPD to launch the Pilot Scheme on Collection and Recycling Services on Plastic Recyclable Materials. The Pilot Scheme was first implemented in Eastern District in late 2019 whereby EPD contractors collected waste plastics, including different types of plastic bottles, containers and utensils, packaging materials and polyfoam, from PRH estates for further treatment to produce recycled raw materials or products. The contractors also organised regular publicity and promotional activities, and set up mobile collection points so as to educate the public on proper recycling while collecting waste plastics.

Implementing the Government's Initiative to Assist Lower Income Families

46. To help ease the community burden, the Government announced to waive the rates for four quarters of 2019/20. On a no-loss-no-gain principle, 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.

Rent Assistance Scheme

47. HA operates Rent Assistance Scheme (RAS) to assist PRH tenants with temporary financial difficulties to pay their rent. Under RAS, eligible applicants will be granted a rent reduction of either 25% or 50%. As at end-March 2020, around 19 000 families were receiving assistance under the scheme.

Marking Scheme for Estate Management Enforcement

48. In 2003, HA implemented the Marking Scheme for Estate Management Enforcement in Public Housing Estates (MS) to strengthen control against hygiene-related misconduct in PRH estates, and to promote civic

responsibility among PRH households. Currently, MS covers 28 misdeeds affecting environmental hygiene and estate management. It is widely held that the overall cleanliness and hygiene condition of estate common areas has improved since its implementation. Up to December 2019, there were accumulatively some 37 300 point-allotment cases recorded with 83 tenants being served with Notice-to-Quit upon the allotment of 16 valid points.

49. HA will continue to implement proactive measures to deter the misdeeds through intensified patrols and enforcement actions by staff at estate level and the Special Operation Teams at regional level. Especially for those misdeeds like throwing objects from height and illegal gambling in public places which attract grave public concern, we will enlist assistance from other public officers, e.g. the police, to tackle the problems. We will continue to enhance the publicity through EMACs, the Housing Channel, radio broadcast, estate newsletters, HA's social media platforms, posters and leaflets to promote tenants' civic responsibility and to maintain a decent living environment in PRH estates.

Partnering for Better Estate Management/Partnering with Non-governmental Organisations to Deliver Outreaching Services to Elderly Tenants

50. We endeavour to enhance community bonding and attend to tenants' needs. EMACs partnered with NGOs to hold functions to foster community building and neighbourliness as well as deliver caring and outreaching services for elderly tenants. In 2019/20, about 360 partnering functions were held in the form of seminars, workshops, home visits, variety shows and carnivals to promote care for the elderly, family relationship, health, environmental protection and green lifestyle, so as to strengthen neighbourliness and develop support networks in PRH estates.

51. All along, HA has greatly emphasised on the care and support of elderly tenants. To this end, all EMACs conducted at least one partnering function with the theme of "Caring for the Elderly" each year to facilitate NGOs to deliver outreaching services for elderly tenants. In addition, HA collaborated with the Department of Health to identify suitable NGOs to work in partnership with EMACs to run thematic community health promotion programmes providing regular physical activities and healthy eating advice for PRH residents, especially the elderly. In 2019/20, 17 EMACs participated in the programmes with the themes on promoting the low salt diet for better health and encouraging the public to walk more and do more exercises. Many participating elderly residents in PRH estates were benefited from the programmes.

Schemes for Fostering Harmonious Families

52. In order to strengthen a family-based support network for harmonious families and further establish the concept of “ageing in place”, HA have put in place a series of schemes, namely the Harmonious Families Priority Scheme, Harmonious Families Transfer Scheme, Harmonious Families Amalgamation Scheme and Harmonious Families Addition Scheme, to encourage the younger generation to take care of and live together with their elderly parents. These schemes are well received by PRH applicants and tenants. HA will continue to run these schemes for fostering harmonious families.

Tree Management/Tree Ambassadors/Planting Days

53. We have established a centralised electronic tree database operated on Geographic Information System to upload and update the latest tree data. We have also introduced a computerised Enterprise Tree Management System since 2016 by using a web-based platform and mobile device application to assist in keeping tree inventory and conducting tree risk assessment. In 2019/20, we continued to conduct tree inspections and carry out pruning and risk mitigation works. As at March 2020, we had enrolled more than 700 Estate Tree Ambassadors from tenants to help in surveillance of trees, and organised tree planting days in ten PRH estates in the year.

Horticulture/Landscape Improvement Works/Community Greening Activities

54. In addition, we enhanced the existing greenery at 20 PRH estates by introducing new varieties of plants to match the local landscape and conditions. In collaboration with EMACs, we also organised greening activities for residents at 20 estates to promote community participation in greening of PRH estates.

Waste Reduction Activities

55. In support of EPD’s “Source Separation of Domestic Waste Scheme”, three-coloured recycling bins are placed in the common areas at the ground floor of each PRH block. HA also organised various carnivals and promotional activities in PRH estates to encourage tenants to reduce waste at source and embrace clean recycling. HA’s Waste Reduction Mascots, i.e. “Waste Reduction Bee” and “Slim Garbage Bin”, had visited about 20 estates to promote awareness on waste reduction. Through continuous promotion and encouraging participation, we have achieved to reduce the daily domestic waste of our residents to 0.59 kg per person per day this year which is lower than our target of less than 0.7 kg.

56. Apart from collecting recyclables from the three-coloured recycling bins, some 511 tonnes of glass bottles were collected from PRH estates as part of an ongoing glass recycling trial being spearheaded by EPD. Moreover, some 47 800 moon cakes boxes (about 14 tonnes) were collected for recycling after the Mid-Autumn Festival, and about 6 600 potted citrus plants were also recovered for replanting after the Lunar New Year.

THE WAY FORWARD

57. The Housing Ordinance provides 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, with any increase capped at 10%. The next review will be conducted in mid-2020. Outcome of the review will be submitted to SHC for endorsement.

58. SHC has endorsed freezing the letting of rental flats recovered from TPS estates starting from 11 March 2020, with a view to putting up these flats for sale in the future. We aim to submit the proposed sales arrangements for SHC's consideration in Q2/Q3 of 2020 in order to put up recovered TPS flats for sale at end-2020/early 2021.

59. HA will launch an online service for filling in PRH application form – “Easy Form Filling for PRH Application” on 29 April 2020, providing a more convenient and time-saving way for completing PRH application form other than manual filling of application form. This online e-form filling service enables PRH applicants to complete application forms accurately and quickly. Applicants can save time in searching the Application Guide manually, calling the PRH Application Office or visiting the office in person for enquiry on how to fill the form. They can also check the application status in the “Easy Form Filling for PRH Application” system at any time.

CONCLUSIONS

60. We are committed to improve the quality of the homes for our public housing tenants and continue to collaborate with stakeholders at all levels in delivery of housing management and related services in a proactive and caring manner. In this endeavor, we strive for innovations and making effective use of resources in an environment-friendly manner to promote sustainable living, as well as ensure optimising and rationalising the use of public resources.

61. At last, I would like to extend my heartfelt gratitude and sincere appreciation for all members and staff of the Department for their valuable contribution and unfailing support to the work of SHC. I am confident that members of SHC will continue to contribute positively and effectively to the mission, core values and strategic goals of HA.

Stanley WONG Yuen-fai
Chairman, Subsidised Housing Committee

Report by the Chairman of the Tender Committee for 2019/20

INTRODUCTION

I have pleasure in presenting this year's report of the Tender Committee (TC).

2. In 2019/20, TC held ten regular meetings. Altogether, TC processed 60 discussion papers, 46 presumption papers and 15 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 financial authority of the Chairman of the Housing Department Tender Board ^{Note} as well as HA's list management regime, which is an integrated part of HA's procurement policy as follows –

- (a) Scrutinising tender reports being submitted 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 and service providers, and considering appeals and/or objections against actions concerning the status of contractors and service providers on such lists; and
- (e) Endorsing Programmes of Activities and monitoring their performance.

Note 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 on the industry, e.g. enhancement to the marking scheme for the assessment of property services tenders, enhanced approach in HA Tree Management Contracts, interim relief measure to support HA's business partners, follow-up actions taken on the "excess lead in drinking water" incident, an industry forum on innovative construction method for HA public housing development and refinement on tender assessment aspect for robotic construction in building new works contracts.

SCRUTINISING TENDER REPORTS BEING SUBMITTED AND AWARDING CONTRACTS

5. In 2019/20, Members awarded a total of 89 contracts with a total contract value of \$19.5 billion, including five building (new works) contracts, ten foundation contracts, 11 building services nominated sub-contracts, 14 term contracts for building services maintenance works, five building maintenance district term contracts, one civil engineering contract, 17 property services/management agency contracts, 16 security service contracts, nine cleansing service contracts and one IT support 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, the Department has continued to review and enhance the procurement system to maintain a fair, open and equitable policy to ensure that we can procure products with best value for money. In June 2019, Members were informed of the annual update on HA's tendering procedures and tender evaluation (Paper No. **TC 51/2019** refers).

Enhancement on the Marking Scheme for the Assessment of Tenders for Housing Authority's Property Services Contracts

7. For property services tenders issued on or after 1 April 2019, the Department has adopted the new measures for protection of non-skilled workers promulgated by the Government vide Paper No. **TC 25/2019**. In March 2020, the marking scheme was further fine-tuned to enhance the quality of the proposals made by the tenderers (Paper No. **TC 27/2020** refers). The Department will continue to monitor the trend of tender prices of the tenders awarded and review accordingly.

Enhancement on Procurement Arrangement in Housing Authority Tree Management Contracts

8. In October 2019, Members were informed that, under the enhanced approach for the tree management contracts, HA would procure a single contractor to carry out tree services (TS) in HA estates and another independent audit services consultant to inspect and audit TS. The enhanced approach will better address the concerns on perceived or potential conflict of interest and effectively streamline the tree management process (Paper No. **TC 89/2019** refers).

“Quarantine” System

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

10. This provides Members with the opportunity to consider whether the contractors are fully capable of undertaking the contracts before making decisions for award. In 2019/20, the Department had taken quarantine actions against seven contractors involving 15 HA tenders. In August 2019, Members were informed of “Quarantine” action taken against a contractor regarding an anonymous letter addressed to Chairman of TC, concerning the award of a building new works contract to a contractor who was involved in a serious accident in a non-HA contract. In July 2019, the Department had reported to Members of the findings and details of the “Quarantine” action for the purpose of assessing the risk associated with awarding a building new works contract (Paper No. **TC 66/2019** refers).

Premier League Scheme and Quality Maintenance Contractor

11. Premier League Scheme (PLS) is a HA's Quality Initiative for HA list of building contractors of New Works Category (Group NW2), which aims to induce better performing contractors with sound management system and practices. It recognises and gives rewards to their consistent delivery of competent and reliable services by additional capping limits, unqualified opportunity to participate in special projects and status accreditation. PLS status is valid for two years and acts as an incentive for encouraging best practices amongst the Works Contractors on the HA List. In October 2019, Members approved the retention of one and admission of two building contractors for PLS status in the 2019-2021 period (Paper No. **TC 79/2019** refers).

12. Similarly, Quality Maintenance Contractor is a HA's Quality Initiative for building contractors of Maintenance Works Category (Group M2). In December 2019, Members approved the application of six building contractors for QMC status for the year of 2020 (Paper No. **TC 113/2019** refers).

Decoration Contractors

13. In September 2019, Members were updated on the latest development of legal proceedings taken by the Competition Commission against Decoration Contractors in HA estates and the measures taken by the Department to further strengthen the monitoring and control of Decoration Contractors (Paper No. **TC 76/2019** refers).

Appeals on Regulatory Action Lodged by Two Property Management Services Providers Due to Conviction of Relevant Ordinances

14. In October 2019, one Member was co-opted to join the Department's Procurement Review and List Management Board to determine the duration of removal of two Property Management Services Providers (PMSPs) from the relevant HA's list due to conviction of relevant ordinances (Paper No. **TC 87/2019** refers). These two PMSPs separately lodged appeals against the regulatory actions imposed and TC subsequently set up a Review Panel on 19 March 2020 to handle the appeals (Paper No. **TC 32/2020** refers).

Industry Forum

15. In September 2019, Members were informed an industry forum on “Innovative Construction Methods for HA Public Housing Developments” was held in August 2019 with over 230 participants to share with the industry the latest innovative construction methods adopted in HA’s public housing developments and also to collect innovative ideas from stakeholders in areas including off-site prefabrication, Building Information Modelling (BIM) and robotics applications. While HA will continue to extend the application of precast concrete components to enhance the productivity and strive for wider application of BIM, HA will also encourage the robotics application in HA’s projects through enhancement of the procurement arrangement by allocating technical score for robotics application proposal in tender evaluation. Through collaboration with stakeholders on Research and Development works, HA will continue to explore robotic technology in the industry and promote innovative technology and bring benefits to the public housing developments (Paper No. **TC 78/2019** refers).

16. In February 2020, Members were informed an enhanced assessment aspect for robotic construction in building new works contracts on areas of works such as external wall and internal wall painting works, floor finishing at typical floor common area, other as proposed by the contractor, etc., was implemented to the building new works contracts tendered out from March 2020 onwards (Paper No. **TC 24/2020** refers).

INTERIM RELIEF MEASURE TO SUPPORT HOUSING AUTHORITY’S BUSINESS PARTNERS

Waiving of List Management Fee for 2020/21

17. Members approved the waving of list management fees for the contractors on the Housing Authority Lists of Works Contractor and Property Management Services Providers for 2020/21, as a goodwill gesture by HA for its business partners in view of the increasingly difficult economic/business environment of Hong Kong (Paper No. **TC 34/2020** refers). As in end-March 2020, the Department was also preparing other interim relief measures by means of special advance payment to enhance the cash flow of HA Capital Works New Works contractors and HA Works-related Professional Services Providers and Consultants respectively to enhance their cash flow in view of the current economic downturn.

SUMMARY OF CONTRACTS AWARDED, SYSTEM ENHANCEMENT AND REGULATORY ACTION ENDORSED BY TENDER COMMITTEE

18. A summary of number of contracts awarded, system enhancement and regulatory action endorsed by TC for 2019/20 is shown in ----- **Annex.**

ENDORISING PROGRAMME OF ACTIVITIES

19. The Programme of Activities 2019/20 focused on the objectives of planning and designing new developments for a green and healthy environment, conserving resources, and promoting green procurement; enhancing building standards through research, management system and liaison with stakeholders; enhancing the service standard and strengthening the monitoring of our business partners, and raising their awareness of 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 2020/21, our work and efforts will mainly concentrate on the themes of providing quality homes, promoting sustainable living, optimising and rationalising the use of public resources and enhancing the attractiveness of commercial properties (Paper No. **TC 112/2019** refers).

THE WAY FORWARD

20. 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 the Programme of Activities. We shall keep up the momentum in the coming year.

CONCLUSION

21. 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.

CHEUNG Tat-tong
Chairman, Tender Committee

Summary of Contracts Awarded, System Enhancement and Regulatory Action Endorsed by Tender Committee

(a) Contracts Awarded

	Subject	No. of Contracts Awarded
1.	Building (New Works)	5
2.	Foundation	10
3.	Building Services Nominated Sub-contract	11
4.	Term Contract for Building Services Maintenance Works	14
5.	Building Maintenance District Term Contract	5
6.	Civil Engineering Contract	1
7.	Property Services/Management Agency Contract	17
8.	Security Service Contract	16
9.	Cleansing Service Contract	9
10.	IT Support Services	1
	Total =	89

(b) System Enhancement

	Subject	Paper No.
1.	Report on an Anonymous Letter to the Tender Committee Chairman	TC 66/2019
2.	QUALITY HOUSING: PARTNERING FOR CHANGE – Retention and Admission of Premier League Contractors under the Housing Authority List of Building Contractors (New Works Category)	TC 79/2020
3.	Progress of Annual Tree Works and Procurement of Tree Management Contracts	TC 89/2019
4.	Quality Maintenance Contractors under the Housing Authority List of Building Contractors (Maintenance Works Category)	TC 113/2019

	Subject	Paper No.
5.	Top-up Arrangements for Housing Authority's Service Contracts for Implementation of Government's New Employment Benefits for Non-skilled Workers	TC 114/2019
6.	Technical Proposals for Tenders of Capital Works New Works Building and Foundation Contracts	TC24/2020
7.	Marking Scheme for the Assessment of Tenders for Housing Authority's Property Services Contracts	TC 27/2020

(c) Regulatory Action

	Subject	Paper No.
1.	Consideration of Duration of List Removal Imposed on a Cleansing Service Company and a Property Services Agent	TC 87/2019
2.	Review Panel for Appeals against Regulatory Actions lodged by Two Property Management Services Providers	TC 32/2020

(d) Interim Relief Measure

	Subject	Paper No.
1.	Relief Measure for Housing Authority Lists of Works Contractors and Property Management Services Providers	TC 34/2020

(e) Miscellaneous

	Subject	Paper No.
1.	Tendering Procedures and Tender Evaluation (Annual Update)	TC 51/2019
2.	Year-end Performance Review Programme of Activities for Procurement in 2018/19	TC 53/2019

	Subject	Paper No.
3.	Report on Housing Authority Industry Forum on Innovative Construction Methods for Public Housing Developments	TC 78/2019
4.	Mid-end Performance Review Programme of Activities for Procurement in 2019/20	TC 101/2019
5.	Programme of Activities for Procurement in 2020/21	TC 112/2019