

CONTENTS

<i>Corporate Vision</i>	<i>i</i>
1. Corporate Profile	1-4
2. Corporate Strategies	5-7
3. Mid-Year Performance Review of the 2012/13 Corporate Plan	8-16
4. Main Themes and Key Activities in 2013/14	17-24
5. Key Performance Indicators	25-28
6. Main Operations of the Housing Authority	29-33
7. Consolidated Budgets	34-36

Corporate Vision

Vision

To help low-income families with housing need gain access to affordable housing.

Mission

- To provide affordable quality housing, management, maintenance and other housing related services to meet the needs of our customers in a proactive and caring manner.
- To ensure cost-effective and rational use of public resources in service delivery and allocation of housing assistance in an open and equitable manner.
- To maintain a competent, dedicated and performance-oriented team.

Core Values

Caring, Customer-focused, Creative, Committed.

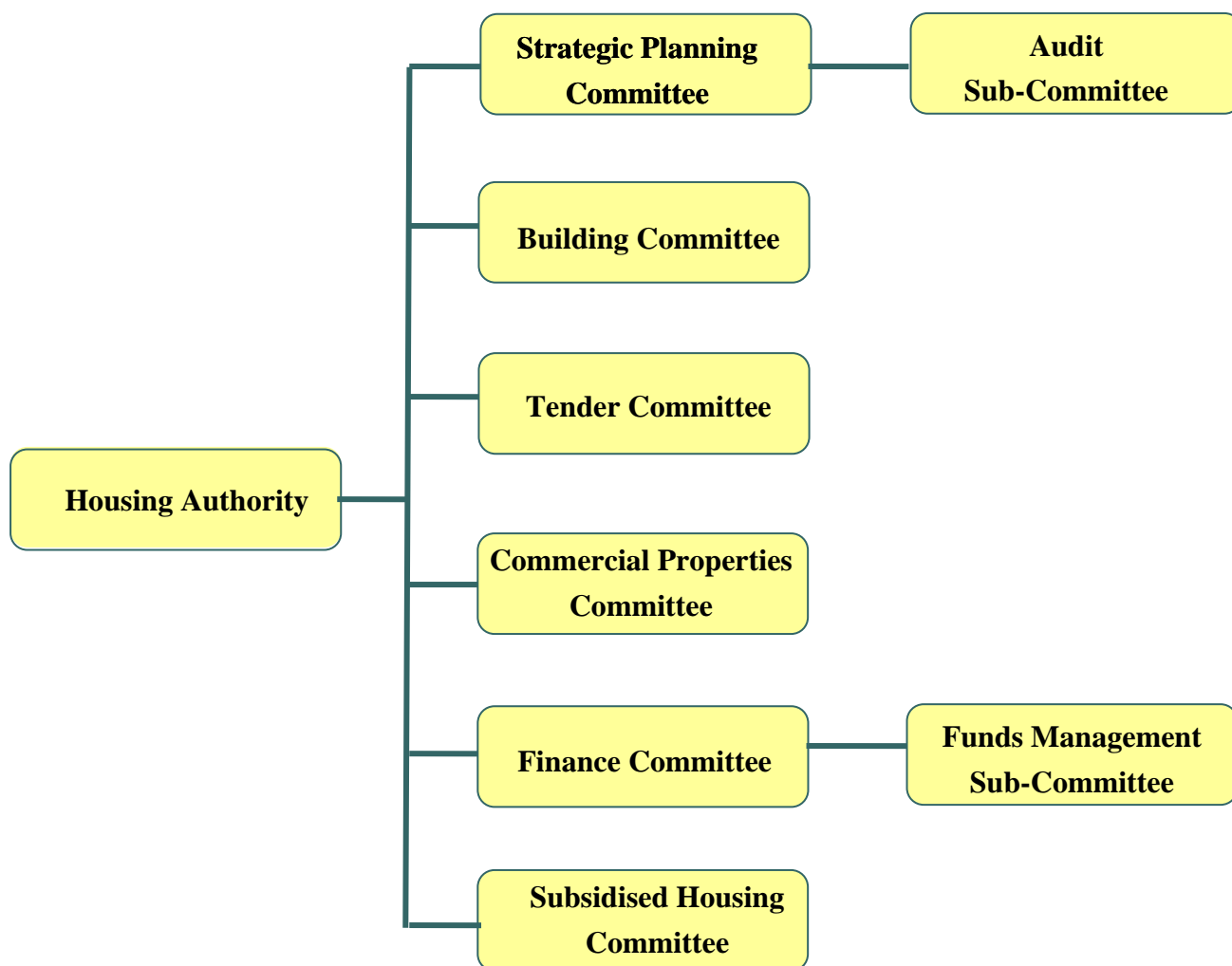
1. CORPORATE PROFILE

Housing Authority

- 1.1 The primary role of the Hong Kong Housing Authority (HA) is to provide subsidised public rental housing (PRH) to low income families who cannot afford private rental accommodation. It also operates interim housing (IH) and a transit centre to provide temporary accommodation to families facing short-term difficulties in finding suitable accommodation. To address the aspiration of low-to-middle income families for home ownership, the HA has also taken up the construction of new Home Ownership Scheme (HOS) projects.
- 1.2 As at September 2012^[1], the HA had a stock of 736 000 PRH / IH flats, accommodating 2 058 400 persons, or 29% of Hong Kong's total population.
- 1.3 As at December 2012, the membership of the HA comprised 26 non-official members and four official members. Appointments are made by the Chief Executive. To help forge closer collaboration between the HA and Government in the provision of public housing services, the Secretary for Transport and Housing and the Director of Housing have respectively assumed the positions of the Chairman and Vice-chairman of the HA.
- 1.4 Six standing committees together with a number of sub-committees have been formed under the HA to formulate and oversee policies in specified areas.

Note [1] : Unless otherwise stated, all figures quoted in this Corporate Plan refer to position as at 30 September 2012.

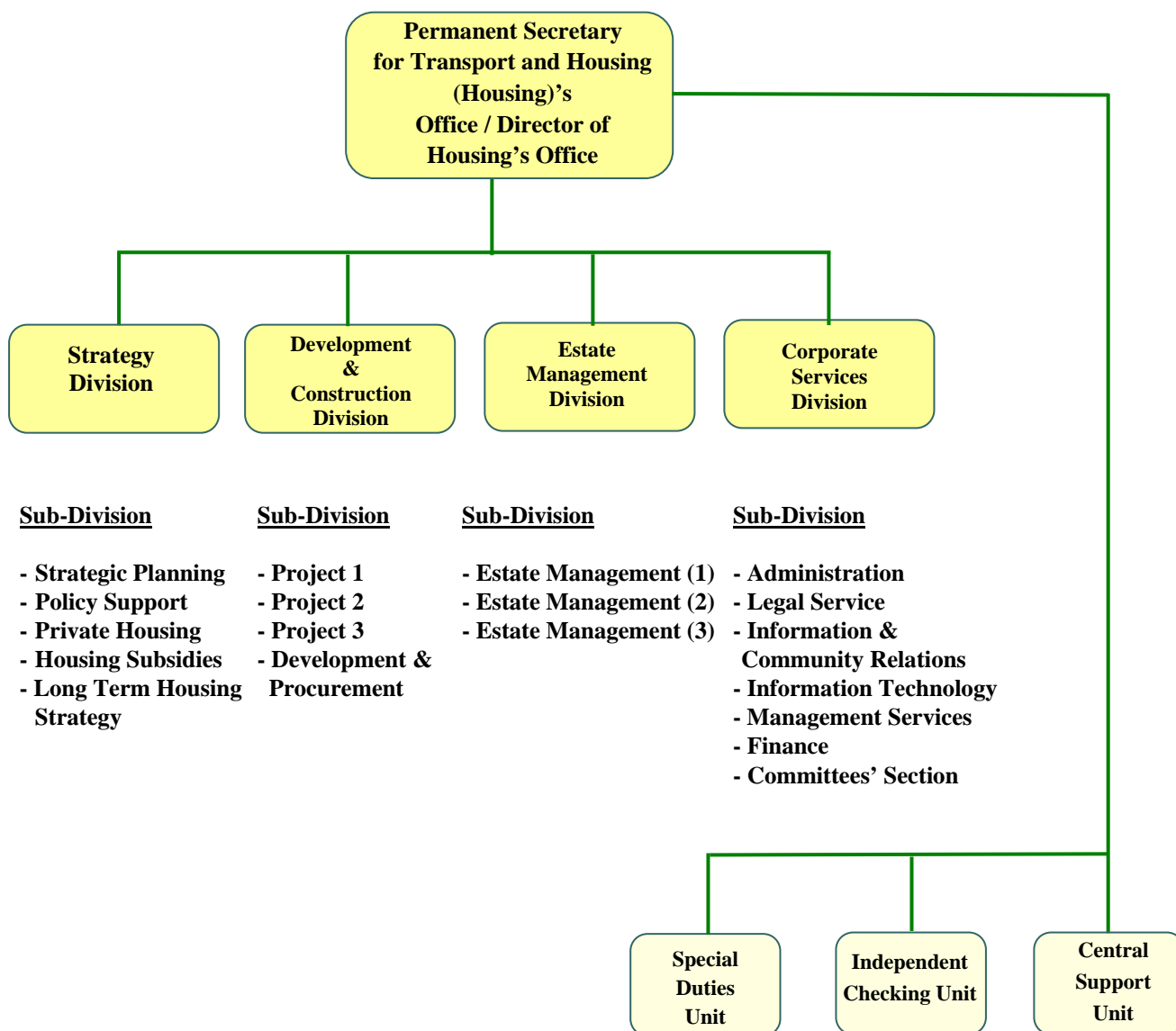
Organization of the Housing Authority



Housing Department

- 1.5 The Housing Department (HD) acts as the executive arm of the HA to implement its policies and those set by its standing committees. The HD is headed by the Permanent Secretary for Transport and Housing (Housing) who also assumes the office of the Director of Housing. He is supported by four Deputy Directors. As at 1 December 2012, the HD had a strength of 8 502 staff, of which 7 767 were civil servants and 735 were contract staff.

Organization of the Housing Department



2. CORPORATE STRATEGIES

- 2.1 The core function of the HA is to assist low-income families who cannot afford private rental accommodation through the provision of PRH flats, with a target of maintaining the average waiting time (AWT) for PRH general Waiting List (WL) applicants at around three years.

The Latest Situation in Hong Kong and its Impact on the HA's Work

- 2.2 Housing has remained a major concern for Hong Kong people. In particular, the community has attached great importance to addressing the housing needs of various sectors, such as the low-income group, first-time home buyers, etc. The fourth term Government has also made housing a top priority. It is imperative that the housing ladder be enhanced and strengthened to enable members of the community make accommodation choices according to their affordability and needs.
- 2.3 At the start of the ladder, there is PRH for low-income families who cannot afford private rental accommodation. The HA is tasked to meet these people's basic housing needs by providing PRH. The increasing number of PRH applications in recent years has caused concern among the public. To address these concerns, the HA will continue to find sites and expedite PRH development. The HA will also revitalize and, where appropriate, re-develop aged PRH estates to meet the needs of its tenants and the community.
- 2.4 As for low-to-middle income families with aspiration for home ownership, apart from the relaunch of the HOS, the HA also offers the HOS Secondary Market whereby HOS flats with premium not yet paid can be bought by Green Form applicants. The HA is also building new HOS flats to meet the home ownership aspiration of these families. Pending availability of the new HOS flats in 2016/17, the HA offers an interim scheme, with effect from 2013, to extend the HOS Secondary Market to White Form (WF) buyers with an annual quota of 5 000.
- 2.5 The Administration has also commenced a review of the long term housing strategy (LTHS). The review aims at conducting a comprehensive assessment of housing demand, and reviewing housing

policies in order to address the changing housing needs of the community. The HA will fully support the work of the Administration in this respect and implement measures developed under LTHS.

- 2.6 Given this backdrop, the HA is playing an even more significant role in the housing scene in Hong Kong. The Corporate Plan (CP) 2013/14 takes account of the latest developments as outlined above, and focuses on consolidating and strengthening HA's role in view of these developments.

Strategic Objectives

- 2.7 Having regard to the HA's latest work priorities and initiatives, we have developed the following strategic objectives –

- To facilitate the cost-effective provision of quality PRH^[2]
- To maximize the rational allocation and to eliminate abuse of housing resources with a view to enhancing the turnover of PRH
- To work in partnership with customers and other stakeholders to enhance service quality
- To plan for a sustainable new HOS Scheme
- To manage and maintain our assets with a view to maximizing their economic life and contribution
- To make effective use of private sector resources

Note [2] : “Quality” public housing, in a broad sense, refers to (a) safe and healthy accommodation for the low-income household / persons suitable for the formation of a harmonious and sustainable community, with estate facilities and domestic flats well-matched to the essential needs of modern living, and with estate designs serving the purpose of aging in place and socio-spatial equity for people of all ages and abilities; and (b) building and maintaining the public housing in accordance with the principles of environmental protection and greening, with the application of green construction materials and energy-saving installations to minimize the burden on the environment; and the procurement of value-for-money and durable construction materials, coupled with comprehensive maintenance services, to maintain a decent living environment for the residents.

- To make the fullest use of human and financial resources and of information technology (IT) to meet corporate goals
- To contribute actively and positively towards sustainable development
- To be innovative in enhancing operational efficiency
- To promote the core values of the HA among staff members
- To optimize the use of commercial properties

2.8 To achieve the above strategic objectives, we have drawn up 40 key activities (KAs) under four main themes for the 2013/14 CP. Nine KAs are new initiatives while 31 KAs are on-going initiatives. Details are set out in Chapter 4.

3. MID-YEAR PERFORMANCE REVIEW OF THE 2012/13 CORPORATE PLAN

- 3.1 Out of the 41 KAs covered in the 2012/13 CP, eight KAs are new initiatives while 33 KAs are on-going initiatives. Up to 30 September 2012, among the 41 KAs, four (10%) were completed while 37 (90%) were on schedule, on-going or partially completed. The progress is highlighted below.

Provision of Public Housing

- 3.2 The goal for 2012/13 was to construct 13 100 PRH flats, 9 300 m² gross floor area (GFA) of retail facilities and 590 car / lorry parking spaces. As at 30 September 2012, the construction of about 2 700 PRH flats, 45 400 m² GFA of retail facilities^[3] and 480 car / lorry parking spaces were completed. Construction of the remaining domestic units and facilities was in progress and scheduled for completion in the second half of 2012/13. Regular meetings with Government bureaux and departments concerned were held to identify and to endorse potential sites for public housing development.
- 3.3 Up to 30 September 2012, 8 786 PRH flats were allocated to WL applicants in 2012/13. The AWT for general WL applicants (excluding non-elderly one-person applicants) was 2.7 years as at 30 September 2012.
- 3.4 The Subsidised Housing Committee endorsed on 12 September 2012 to adopt the arrangements under the traditional HOS, including the setting of flat price, premium payment, domestic property restriction as well as income and asset limits for WF applicants, mortgage guarantee, resale restrictions, etc., for the sale of future HOS flats. Regular meetings with Government bureaux and departments concerned were held to identify suitable sites for the planning and development of new HOS

Note [3] : Completion of Yau Tong Estate Phase 4 Commercial Centre (Domain, 45 000 m²) was rescheduled from 2011/12 to 2012/13 due to the shop layout revision to suit the latest market trend.

properties. Nine sites were identified and endorsed in the first half of 2012/13. Regarding the first batch of six new HOS properties to be completed in 2016/17, the planning briefs had been approved by the respective District Planning Conferences. The scheme designs and project budgets were also approved by the HA's Building Committee on 22 June 2012.

Providing Quality Homes

- 3.5 We have made reference to Building Environmental Assessment Method Plus (BEAM Plus) to enhance environmental performance of existing PRH estates via more efficient use of energy and resources. Two PRH estates, Kwai Shing West Estate (KSW) and Upper Ngau Tau Kok (UNTK), were selected for the feasibility study to ascertain that the levels of performance prescribed under BEAM Plus for existing buildings (including energy use, water use, indoor environmental quality etc.) can be achieved. The study for KSW was completed while that for UNTK was in progress.
- 3.6 For residents to enjoy a quality home life, a healthy and comfortable living environment is indispensable. To achieve the aim of providing quality homes, we had continued to conduct "micro-climate" studies in 26 on-going projects and Air Ventilation Assessment in 16 on-going projects to optimize natural ventilation and use of daylight in planning and design. On-site assessments were carried out in four completed projects to validate the performance of the environmental design. We had also completed the pilot bio-swale installation with Spent Mushroom Compost in Tin Shui Wai Area 104 to reduce air pollutants. To mitigate noise, acoustic windows, balconies, fins and noise barriers were used in different projects to suit site-specific characteristics. The results were satisfactory with the environmental quality greatly improved.
- 3.7 With a view to optimizing site potential and maximizing the supply of flats, we have adopted comprehensive planning and site-specific design for all domestic blocks in new projects. We had taken into the consideration the views of the local community and the requirements of Government departments. We also held regular meetings with Government bureaux and departments concerned to increase the densities and plot ratios of suitable PRH sites.

- 3.8 To further enhance the environmental quality of PRH, all new estates had been planned to have a greening ratio of at least 20%, with a target of 30% for projects over two hectares, and a tree planting ratio of not less than one tree per 15 flats. We have also incorporated green roofs at high-rise blocks in suitable projects. Moreover, a pilot installation to turn food and garden waste into compost was planned for one project. We also applied the tree management plan and enhanced the operation of the tree management system on Geographic Information System to facilitate preservation and protection of all existing trees in construction sites and existing PRH estates.
- 3.9 To promote “green” procurement, we used timber from sustainable sources for temporary works during construction. We had incorporated the modular water tank in the design of Kwai Shing Circuit and piloted the pre-cast roof water tank in Sha Tin Area 52 Phase 2. We also explored the use of light-weight concrete for better heat insulation, and the use of sound insulation materials on floor slabs for reducing structure-borne noise. Furthermore, we liaised regularly with stakeholders to collect their feedback to improve building standards and productivity in construction.
- 3.10 We had continued to implement the ISO 14001 Environmental Management System Certification programme in planned maintenance and improvement works for all estates as well as in property management. We obtained the ISO 14001 certification for the first batch of 40 estates in July 2012. Extended surveillance visits for the 50 estates in the second batch had been scheduled for December 2012.
- 3.11 With a view to improving building safety in aged PRH estates, we implemented the Total Maintenance Scheme in 15 PRH estates and the Estate Improvement Programme in seven PRH estates. We had also carried out the Responsive In-flat Maintenance Services in all PRH estates (a total of 204 existing estates, including 12 new estates) to maintain our buildings. Results of the independent customer satisfaction survey indicated that the scheme was well-received by tenants.

- 3.12 We continued to strive to improve the quality of living and develop an accessible and barrier-free living environment for existing PRH tenants. We had implemented lift addition projects in 18 PRH estates. The projects in seven of the estates were completed while those in the other 11 estates were in progress. We also carried out the lift modernization programme. Out of the 97 old lifts, 44 had already been replaced. The first milestone of the barrier free access improvement works in the existing estates to meet the standards stipulated in the Design Manual : Barrier Free Access 2008 was completed in June 2012.

Promoting Sustainable Living

- 3.13 We continued to implement enhanced harmonious families policies and partnering function with non-government organizations (NGOs) to promote mutual family support and care for the elderly. Around 23 010 households had benefited from the harmonious families policies since October 2007. All Estate Management Advisory Committees (EMACs) had included outreaching service to the elderly in their annual plan as partnering functions with NGOs. To further enhance the partnering arrangement, a review would be conducted by March 2013.
- 3.14 Residents' views and feedback on the planning and design of PRH estates are important for cultivating happy and sustainable living in the community. As such, we held a community engagement workshop and meetings to obtain feedback on the planning and design of the Ex-Kwai Chung Married Quarters and the Tuen Mun Area 54 Phase 2 Development. We also conducted post-completion review workshops for two other projects in Shin Ming Estate and Kwai Luen Estate. Furthermore, we held Action Seedling ceremony in three projects and a slogan competition in Tuen Mun Area 18 Development. Residents' views of the communal terraces at Kwai Luen Estate were collected and analyzed.
- 3.15 In promoting green estates, we partnered with green groups to launch our long-term community environmental programme "Green Delight in Estates" to raise environmental awareness among residents and instill a lifestyle culture that would protect and improve the environment. Phase 6 of "Green Delight in Estates" programme had commenced in the third quarter of 2012. We had also organized various community activities covering themes such as fire safety, public hygiene, in-flat maintenance,

epidemic prevention, environmental protection, healthy ageing etc., with a view to engaging the PRH tenants in improving their living environment and building caring communities.

- 3.16 The 2012 tree risk assessment works for all construction sites and existing PRH estates were completed. Three refresher/training courses for Estate Tree Ambassadors were held. We had completed uploading the tree data of 2011 to the Tree Database while the work for 2012 was in progress. To cultivate a green concept among tenants, green activities with community participation were held in 11 estates. Tree planting days were organized in ten estates. We had also completed landscaped improvement works in eight estates. Works for thematic gardens in two estates, Shek Yam East and Tsz Ching, were in progress.
- 3.17 To secure competent and reliable business partners, we strive to improve our procurement practices, as well as raise service standards through ensuring a competent workforce and implementing tendering scoring measures. A two-envelope tendering system was employed for complex building and piling contracts. The performance assessment of non-HA List contractors and services providers was reviewed and a summary report was prepared. The requirement of trade-tested workers in new works and maintenance contracts were reviewed, and the requirements would remain valid in new works and maintenance works in 2012/13. The revised Performance Assessment Scoring System (PASS) in Piling and the new PASS in Soft Landscaped contracts were implemented in the first quarter of 2012. The new Building Services Maintenance Assessment Scoring System was under development, and had been put on trial in Water Pump and Fire Services Term Maintenance Contracts in April 2012.
- 3.18 A Wage Monitoring System (WMS) for works and services contracts was established to strengthen contract management and monitor contractors' performance in securing wage payment to workers to ensure the proper implementation of the Minimum Wage Ordinance which commenced in May 2011. An internal manual and a Guideline for contractors with the incorporation of the latest requirements on WMS were issued. Ad-hoc meetings with the Hong Kong Construction Association Ltd. were held to review the effectiveness of the system and to further explore the implementation of WMS in maintenance and improvement contracts.

- 3.19 We continued to implement ISO 9001:2008 and ISO 14001 in the management and operation of development and construction works, with a view to enhancing the quality of development as well as health and safety at the HA's construction sites. We had successfully obtained the third party certification to ISO 50001 on energy management system in the second quarter of 2012. To enhance the safety and health of workers, safety enhancement measures were devised in consultation with stakeholders. Commencing the third quarter of 2012, we had adopted the standard industry uniform in the HA's construction sites.
- 3.20 We had continuously been arranging safety training programmes for professionals, technical and site supervisory staff to raise their safety awareness and core competency. We had also completed about 350 office safety inspections in May 2012. To ensure occupational safety and health (OSH) in the HA's workplace, the OSH guidelines, health tips and publications issued by the OSH Council and the Labour Department were uploaded onto the dedicated OSH website on the HA Intranet for staff's information.

Optimizing and Rationalizing the Use of Public Resources

- 3.21 We took actions to ensure the rational and effective use of public housing resources. Public Housing Resources Management Sub-section (PHRM) conducted rigorous checks on some 4 100 cases on income / assets declaration under the Housing Subsidy Policy and Policy on Safeguarding Rational Allocation of Public Housing Resources. Among these cases, some 200 suspected false statements were detected. PHRM also proactively carried out rigorous investigation into some 4 000 occupancy-related cases, among which notice-to-quit were recommended for some 1 000 cases. Some 630 PRH flats were recovered.
- 3.22 With a view to revitalizing aged PRH estates and reviewing the development potential for site optimization, Pak Tin Estate was identified for redevelopment in the second quarter of 2012. Upon redevelopment, the estate would gain about 2 150 PRH flats. Furthermore, a basket of detailed studies were being conducted to identify more aged PRH estates suitable for redevelopment to increase flat production. The studies include technical and environmental impact assessments, local master planning, urban design and development intensity studies etc.,

- 3.23 We have always benchmarked the average construction cost of HA's residential buildings against those in the private sector. According to the latest tender price movements, the construction cost of the superstructure of PRH was on average about 33% lower than that of private sector residential buildings of ordinary quality. The market cost trend and the adequacy of the project budgets were also closely monitored. The budgets of seven capital works new works projects were being updated to align with the June 2012 Construction Cost Yardsticks.
- 3.24 To nurture a committed, motivated and competent workforce, we had arranged suitable local and overseas management development and leadership programmes for staff identified under the succession plan. A new series of leadership and change management courses, as well as visits to external organizations to learn the best practices had commenced. We had also arranged seminars on "Visionary Leadership" and "Leading Change in Traditional Business" for Directorate officers and professional staff. Furthermore, training programmes were arranged to support various initiatives such as the implementation of ISO 14001 in estates and the launching of Phase II of the Enterprise Resource Planning (ERP) system. To facilitate staff learning, e-learning resources were fine-tuned to suit the users' habits; for example, training videos had been divided into various sub-topics with shorter duration. Learning resources of different natures/modes had also been uploaded onto the HA e-Learning Portal.
- 3.25 IT had been used to improve operational efficiency. We promulgated the specification for Radio Frequency Identification to be implemented in new building contracts for tracking the workflow and logistics of building components such as concrete cube, precast façades, windows, timber doors and metal gatesets etc,. We also explored its application in selected Building Services installation. The trial scheme in fire service and water pump system was in progress. Studies to widen Building Information Modelling (BIM) applications to cover environmental and energy analysis were also being conducted. To help staff apply BIM more widely and effectively, experience sharing and training were conducted. Funding for the revamp of Specification Library Information system was sought. Tenders for the necessary Information Technology services for location identification in maintenance work orders were also obtained. Electronic tender booklet system was carried

out in eight building and four foundation contracts on a trial basis. Further tenders would be put on trial. The feasibility for using e-tendering for services contracts was under exploration. The development and testing of the Phase II of the ERP system were completed.

Enhancing the Attractiveness of Commercial Properties

- 3.26 In order to enhance the value of our retail portfolio and create a better business environment, we continued to take strategic measures to enhance the attractiveness of commercial properties, and explore possible conversion of unpopular retail premises and surplus carparks into other beneficial uses. Under the five-year rolling programme for prioritizing asset enhancement of the shopping centres and carparks, improvement works, redesignation of trade mix and conversion of uses were carried out in selected sites. Through conversion and re-ordering initiatives in some markets and the implementation of extra rent-free period of long-standing vacant shopstalls and shops, the unpopular retail premises in Cheung Ching, Cheung Shan, Fu Shan, Wah Fu (I) and Wah Fu (II) Estates were successfully leased out. The vacancy rate for shops in commercial properties further reduced from 4.3% as at 31 March 2012 to 2.3% as at 30 September 2012.
- 3.27 We continuously launched promotion programmes of different types and scales in HA's major shopping centres to sustain their attractiveness and competitiveness. Centrally-planned festive decoration was also provided for smaller shopping centres to achieve economy of scales.
- 3.28 To enhance the delivery of management services for carparks, equipment for automation and electronic payment system by Octopus was installed in 83 carparks. As a green initiative, we had completed the installation of electric vehicle charging facilities. The charging facilities had been put into operation since June 2012 in four carparks, namely Choi Tak, Shui Pin Wai, Yau Lai and Kwai Chung Estates.
- 3.29 The Domain, our largest integrated commercial centre in Kowloon East District, had opened for business operation since 29 September 2012. We had secured a range of prestigious and distinctive premium tenants with a total of 98% of lettable area let. The shopping centre offered a diversity of shopping and dining options with around 150 shop premises

to cater for different tastes and needs. To raise pedestrian flows and boost patronage, a grand opening ceremony was held on 1 December 2012. Publicity plans and tailor-made promotional activities were devised to arouse public awareness and to bring to life the theme of “Come Together”.

4. MAIN THEMES AND KEY ACTIVITIES IN 2013/14

4.1 This chapter sets out the main themes and KAs of the HA in 2013/14.

Main Themes

4.2 Taking into account the latest situation in Hong Kong and its impact on the HA's work, the HA's statutory objectives and functions, and the current main directions of the HA's work, we will continue to concentrate our efforts in 2013/14 under the following four main themes –

- (a) Providing Quality Homes;
- (b) Promoting Sustainable Living;
- (c) Optimizing and Rationalizing the Use of Public Resources; and
- (d) Enhancing the Attractiveness of Commercial Properties

Under these four main themes, we have devised 40 KAs for 2013/14. Details of the KAs are set out below.

Key Activities

New Initiatives

Providing Quality Homes

Identifying sites suitable for development, optimizing site development potential and maximizing supply of domestic flats

- To identify sites in a suitable condition to expedite the development of housing units, including conducting detailed studies on selected sites.

Maintaining a sustainable PRH stock through proactive improvement work programmes and a verification system

- To establish a centralized surveillance testing scheme for building materials and components used in maintenance works
- To explore the feasibility of enrolling in the Hong Kong Quality Assurance Agency Sustainable Building Index for existing PRH estates

Planning for a sustainable HOS programme

- To prepare for the sale of new HOS flats

Enhancing the auditing and risk management of maintenance & improvement (M & I) works in PRH estates

- To study the feasibility of adopting the principle of ISO 19011 (Auditing Management System) and the framework of ISO 31000 (Risk Management) in the existing Quality Management System for the M & I works in PRH estates

Optimizing and Rationalizing the Use of Public Resources

Implementing the scheme of extending the HOS secondary market to WF buyers

- To implement the scheme of extending the HOS secondary market to WF buyers

Monitoring the construction cost of new housing development and enhancing the sustainability of older estates

- To identify more aged PRH estates fit for redevelopment to optimize site development potential and enhancement of facilities; and to prolong the useful life of some aged estates through upgrading, conversion and conservation

Making effective and wider application of IT to support business initiatives and enhance efficiency

- To implement the IT programmes set out in the IT Strategy formulated in early 2012 to meet the HA's business needs in the coming years

Enhancing the Attractiveness of Commercial Properties

Integrating environmental protection initiatives in operating the HA's commercial facilities

- To advocate energy saving, waste reduction, re-cycling and making economical use of resources in operating the HA's retail facilities in support of environmental campaigns launched by the Government for the commercial sector

On-going Initiatives

Providing Quality Homes

Identifying sites suitable for development, optimizing site development potential and maximizing supply of domestic flats

- To identify land resources and achieve the production targets of domestic flats and facilities as planned in the Public Housing Construction Programme by optimizing the development potential of the sites and maximizing the supply of domestic flats

Planning and designing new development for a green and healthy environment, conserving resources, and promoting green procurement

- To adopt environmentally responsive planning and design, and optimize greening in housing estates to promote a green and healthy environment
- To promote “green” procurement, including the use of “green” materials, construction methods, as well as energy and resource conservation technology

Enhancing building standards through research, management system and liaison with stakeholders

- To improve building standards, quality and productivity in construction by conducting research on building design and construction, implementing a quality management system and product certification, as well as liaising with industry stakeholders

Maintaining compliance with statutory requirements in new development projects and existing properties

- To implement building control in the design, construction and post-occupation stages for the buildings developed by the HA as well as monitor the use and operation of the lifts and escalators managed by the HA

Maintaining a sustainable PRH stock through proactive improvement work programmes and a verification system

- To implement M & I programmes (including regular preventive repairs) and upgrading works to meet requirements of the legislation and other enhancement initiatives

Improving the environmental standards of existing PRH estates

- To enhance environmental protection through the acquisition of ISO 50001 certification for Energy Management System and ISO 14001 certification for the Environmental Management System of property management, as well as the implementation of various energy-saving initiatives in PRH estates

Promoting Sustainable Living

Enhancing the service standard and the awareness of our business partners on their corporate social responsibility

- To enhance the service standards and the awareness of our business partners, including contractors, sub-contractors, suppliers and service providers, on their corporate social responsibility

Enhancing community engagement throughout the delivery of development projects and promoting partnering with business partners

- To promote partnering with stakeholders, such as engaging the community in the development process as well as promoting social cohesion through the planning and design of estates

Enhancing community bonding and attending to the tenants' needs

- To foster engagement and building of the community while caring for the tenants' needs, through partnering functions of Estate Management Advisory Committees with non-government organizations, various forms of assistance and housing schemes

Promoting greening in existing PRH estates

- To enhance tree management and implement landscape improvement programmes

Promoting understanding of HA's work

- To build a proactive and caring corporate image of the HA and strengthen communication with our staff, tenants, partners and the general public

Enhancing awareness on health, environment and safety, and promoting relevant practices in HA's workplace

- To monitor and enhance the quality of development, health, environment and safety at HA's construction sites, and to improve the environmental management system
- To promote staff awareness of environmental protection issues
- To promote staff awareness of and enhance their capacity to ensure occupational safety and health in HA's workplace
- To join the Government carbon audit campaign and monitor carbon emission in HA's buildings and workplace

Optimizing and Rationalizing the Use of Public Resources

Maintaining a healthy procurement environment and enhancing value for money through procurement practices

- To maintain an open, fair, transparent and cost-effective procurement environment and enhance value for money through procurement practices for works, services and goods

Monitoring the construction cost of new housing development and enhancing the sustainability of older estates

- To monitor the construction cost and improve the cost-effectiveness of construction, enhance the provision of housing development and facilitate the maintenance of older estates

Safeguarding the rational and efficient use of public housing resources

- To strengthen tenancy management and prevent abuse of public housing resources through income and assets declarations, occupancy-related flat inspections by estate staff, as well as intensive investigation and overall monitoring by a central team

Ensuring effective management of service providers and maintenance contractors

- To strengthen the monitoring of service providers and maintenance contractors through enhanced performance assessment systems, and safeguard the interests of non-skilled workers employed under contracts of these services and maintenance works

Maximizing the rational allocation of PRH with a view to providing housing to applicants with genuine housing need

- To maintain the PRH average waiting time for general applicants at around three years
- To provide opportunities for transfer of sitting tenants through various transfer exercises

Making the best use of human resources to meet corporate goals

- To achieve a lean, flexible and dynamic organization with the capacity to respond to changes in service requirements
- To enhance staff engagement to nurture a committed and motivated workforce

- To enhance staff competencies to support business objectives and needs

Making effective and wider application of IT to support business initiatives and enhance efficiency

- To enhance or upgrade existing IT systems to support evolving business requirements, and to improve overall operational efficiency and IT security

Maintaining sound financial and funds management

- To review HA's investment strategy and manage HA's funds in accordance with the approved strategies and guidelines
- To manage HA's finance in a prudent manner

Enhancing the Attractiveness of Commercial Properties

Identifying asset enhancement opportunities and improving the environment of the HA's commercial properties

- To continue to carry out asset enhancement works according to the priorities set in the five-year rolling programme for HA's commercial portfolio

Enhancing the business potential of HA's retail facilities and delivering quality services to our community and public housing tenants

- To review leasing and promotional strategy for HA's new and existing retail facilities
- To sustain the Domain as HA's premium regional shopping centre in Kowloon East, providing public housing tenants and shoppers with an integrated shopping and leisure experience

5. KEY PERFORMANCE INDICATORS

5.1 To help evaluate and monitor our performance in implementing the key activities, 15 Key Performance Indicators (KPIs)^[4] were adopted in 2012/13. We have reviewed these KPIs and included them in the 2013/14 CP. For the KPI on collection of recyclable items, we have extended it to include aluminum cans and plastic bottles in addition to paper. We have also included four more KPIs relating to saving of water and energy as well as community integration. There are a total of 19 KPIs for 2013/14. The past performance and the proposed targets of the KPIs are set out below –

KPI	2011/12 Target (Year-end performance as at 31 March 2012)	2012/13 Target (Mid-year performance as at 30 September 2012)	2013/14 Target
(1) No. of new PRH flats to be provided	11 200 ^[5] (11 200)	13 100 ^[5] (2 700)	14 100 ^[5]
(2) AWT for PRH applications (years)			
- General ^[6]	3 (2.6)	3 (2.7)	3
- Elderly one-person	2 (1.3)	2 (1.4)	2
(3) Annual average cost per PRH unit under the management of the HD (\$)			
- Direct management cost ^[7]	5,180 (4,965)	5,450 (5,034) ^[8]	5,670 ^[9]
- Actual maintenance cost ^[10]	3,530 (3,324)	3,720 (2,799) ^[11]	3,840 ^[12]

Note [4] : Applicable to both in-house services and services provided by property services agents / contractors.

Note [5] : Rounded to the nearest hundred.

Note [6] : Excluding the waiting time for non-elderly one-person applicants.

Note [7] : The direct management cost comprises direct personal emoluments (PE) for property management only and other recurrent expenditure (ORX) incurred at estate level.

Note [8] : The lower year-to-date (YTD) figure was mainly due to lower ORX.

Note [9] : There is a higher target for 2013/14 mainly due to the assumed price level adjustment of PE, cleansing and security services and ORX at 5.5%, 5.5% and 3.0% respectively, coupled with the assumed increment adjustment for civil servants at 0.5%.

Note [10] : The actual maintenance cost comprises costs of maintenance works incurred at estate level and the costs attributed to PRH maintenance allocated from indirect cost centres.

Note [11] : The lower YTD figure was mainly due to the fact that the spending level was usually lower in the start of the year when compared with the average for the whole year.

Note [12] : There is a higher target for 2013/14 mainly due to the assumed price level adjustment of 5.6%.

KPI	2011/12 Target (Year-end performance as at 31 March 2012)	2012/13 Target (Mid-year performance as at 30 September 2012)	2013/14 Target
(4) Proportion of rent arrears (%) ^[13]			
- Domestic	below 3.0 (1.5)	below 3.0 (1.8) ^[14]	below 3.0
- Commercial Properties	below 3.0 (1.8)	below 3.0 (1.4) ^[15]	below 3.0
(5) Proportion of overcrowded families ^[16] against total PRH families (%)	below 0.6 (0.5)	below 0.55 (0.44)	below 0.55
(6) Vacancy rate (%)			
- PRH	below 1.5 (1.0)	below 1.5 (1.3)	below 1.5
- Commercial Properties (shops)	below 5 (4.3)	below 4.8 (2.3)	below 4.0
(7) Average turnaround time for vacant flat refurbishment (days)	not exceeding 44 (42)	not exceeding 44 (41)	not exceeding 44
(8) Average development lead time for housing projects (months)	60 (57)	60 (58)	60
(9) Average number of defects per flat at handover	not exceeding 0.8 (0.1)	not exceeding 0.8 (less than 0.1)	not exceeding 0.8
(10) Accident rate in HA construction sites ^[17] (No. of accidents per 1 000 workers)	not exceeding 12 (9) ^[18]	not exceeding 12.0 (8.1) ^[19]	not exceeding 12.0

Note [13] :The proportion of rent arrears represents the cumulative rent in arrears over rent receivable for the month.

Note [14] :The figure represents the rent arrears rate of June 2012. The rent arrears rates of July, August and September 2012 are not representative as a performance indicator, since the net rent for the months of July and August was paid by the Government on behalf of PRH tenants as part of the Government's relief measures, while the net rent for the month of September was waived by the HA as a special one-off mitigation to PRH tenants/Interim Housing Licensees in the light of the rent adjustment in September 2012.

Note [15] :The rent arrears rate ranged from 1.4% to 2.3% from April to September 2012 with the average rate at 1.7%.

Note [16] :Overcrowded families are families with living density below 5.5 m² internal floor area per person.

Note [17] :The figure represented the accident rate of HA new works construction sites. Reportable accident as defined under the "Factories and Industrial Undertakings Ordinance" refers to fatal accidents, or accidents causing sick leave of three days or more (the lowest worldwide rate is around 10). It has all along been the HA's objective to keep fatal accidents at zero.

Note [18] :Based on the Labour Department's statistics for the fourth quarter of 2011.

Note [19] :Based on statistical data up to the second quarter of 2012. There was one fatal accident in the HA sites in the first half of 2012/13.

Key Performance Indicators

KPI	2011/12 Target (Year-end performance as at 31 March 2012)	2012/13 Target (Mid-year performance as at 30 September 2012)	2013/14 Target
(11) Media enquiries handled (%):			
- general enquiries (within 48 hours)	95 (99.9)	95 (100)	95
- enquiries requiring the collection of detailed information (within 10 days)	100 (100)	100 (100)	100
(12) Training investment per staff member (\$)	1,900 (2,311)	1,900 770	2,000 ^[20]
(13) Overall evaluation of training course effectiveness (rating of very effective or above) (%)	80 (93)	85 (92)	85
(14) Paper consumption (reams) ^[21]	131 500 (2.5% lower than the consumption in 2007/08) ^[22]	130 850 (3% lower than the consumption in 2007/08) ^[22]	130 170 (3.5% lower than the consumption in 2007/08) ^[22]
	(130 700) ^[5] (3.1% lower than the consumption in 2007/08) ^[22]	59 385	
(15) Quantity of items collected from estates for recycling (tonnes)			
- Waste paper	not less than 18 000 (23 800) ^[5]	not less than 21 000 (13 500) ^[5]	not less than 23 000
- Aluminum cans	-	-	850
- Plastics bottles	-	-	1 350
(16) Water consumption for office premises (m ³)	-	-	14 670 (4% lower than the consumption in 2007/08)

Note [20] :The increase in training investment per staff member is due to the increase in the number of tailor-made courses organized for staff members.

Note [21] :There are 500 pieces of paper in one ream.

Note [22] :In 2007/08, the HD has achieved 10.6% reduction in paper consumption as compared with the consumption in 2002/03. To demonstrate our commitment towards protecting the environment, we take 2007/08 (the year in which we attained significant saving achievement) as the base year for setting the paper saving target for 2013/14.

Key Performance Indicators

KPI	2011/12 Target (Year-end performance as at 31 March 2012)	2012/13 Target (Mid-year performance as at 30 September 2012)	2013/14 Target
(17) Electricity consumption for office premises (kWh)	-	-	36 610 000 (5% lower than the consumption in 2007/08) ^[23]
(18) Average energy consumption of building services installations in communal areas of domestic blocks designed within the year (kWh/m ² /Annum)	-	-	Not exceeding 30
(19) Holding of bi-monthly EMAC meetings (number of meetings)	-	-	800

Note [23] : In April 2009, the Environment Bureau announced the Government targets to achieve a 5% saving on the total electricity consumption in Government buildings from 2009/10 to 2013/14 after discounting activity changes by using the electricity consumption in 2007/08 as the base line. The HD has set 2.5% and 4% saving target for 2011/12 and 2012/13 respectively against the consumption in 2007/08, and aims to achieve the service-wide target by 2013/14 through more energy saving projects and housing keeping measures.

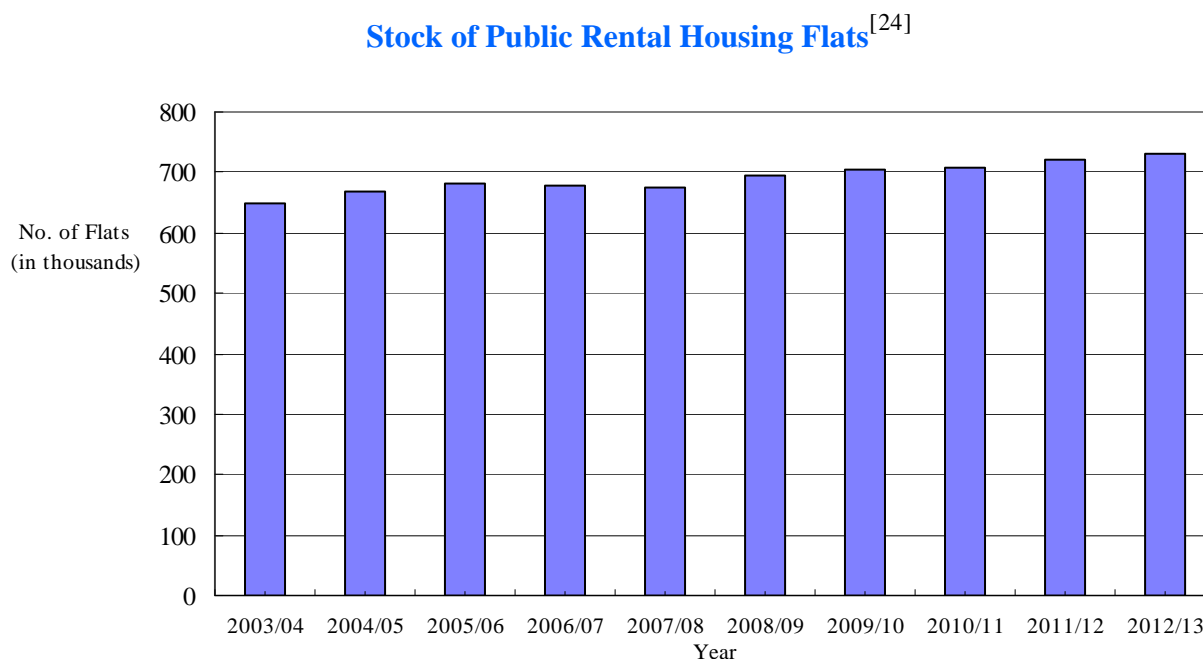
6. MAIN OPERATIONS OF THE HOUSING AUTHORITY

- 6.1 The operations and activities of the HA lie in five main areas, namely construction and building control, procurement, subsidised housing, commercial properties and corporate services. In the forthcoming year, different operations of the HA will gear their efforts and activities towards the four main themes for 2013/14.

DEVELOPMENT AND CONSTRUCTION, AND BUILDING CONTROL

- 6.2 The main functions of the development and construction operation are to plan, design and construct the HA's PRH and subsidised home ownership developments as well as associated facilities. The work of two units, the Independent Checking Unit (ICU) and Lift Ordinance Enforcement Unit (LOEU) are related to building control. The ICU is responsible for implementing building control measures with reference to the practices of the Buildings Department on the HA's new construction projects and existing properties, as well as enforcing the Buildings Ordinance under delegated authority from the Building Authority to HOS, Tenants Purchase Scheme, divested properties and former HA's properties. The ICU processes applications for Alteration and Addition Works, Minor Works Control System, Mandatory Building Inspection Scheme, Mandatory Window Inspection Scheme and arranges advice to the Licensing Authorities within the statutory or pledge periods. The LOEU regulates the use and operation of new and existing HA lifts and escalators in accordance with the requirements of the Lifts and Escalators (Safety) Ordinance (Cap. 327). With the Lifts and Escalators Ordinance (Cap. 618) coming into operation on 17 December 2012, however, the in-house regulatory functions of the LOEU would be taken over by the Electrical and Mechanical Services Department as the sole enforcing authority. The LOEU would then be redeployed to become a new Unit responsible for monitoring the use and operation of HA lifts and escalators to contain risks, and ensure compliance with the legislative requirements.

6.3 The following chart shows the changes in PRH stock from 2003/04 to 2012/13 –



Budget

6.4 The construction expenditure for 2013/14 is budgeted at \$10,806 million, up \$1,434 million as compared with the 2012/13 Revised Budget expenditure of \$9,372 million. The higher construction expenditure is mainly due to more rental flats under construction and commencement of foundation works for the new HOS projects.

PROCUREMENT

6.5 The main operations of procurement are to secure competent and reliable business partners through equitable procurement operations, achieving efficiency, effectiveness and value for money at all times.

Note [24] : The PRH flat stock for the years from 2003/04 to 2011/12 showed the position as at end-March of the respective years save for 2012/13, which is as at 30 September 2012.

Budget

- 6.6 The 2013/14 proposed expenditure budget of \$104 million for procurement is higher than the 2012/13 revised budget of \$98 million by \$6 million. The increase is mainly due to the assumed pay adjustment and price level adjustments in other recurrent expenditure, partly offset by lower computer capital expenditure.

SUBSIDISED HOUSING

- 6.7 The main functions of the subsidised housing operation are to allocate, manage and maintain the HA's domestic rental properties. The subsidised housing operation is also responsible for the handling of the existing and future HOS stock.

Budget

Rental Housing Operating Account

- 6.8 The income and expenditure of the Rental Housing Operating Account for 2013/14 are budgeted at \$13,175 million and \$14,709 million respectively. An operating deficit of \$994 million in 2013/14 is projected, as compared to the operating deficit of \$1,790 million in the 2012/13 Revised Budget. The lower operating deficit in 2013/14 is mainly attributed to the full-year effect of the September 2012 upward rent adjustment by 10%.

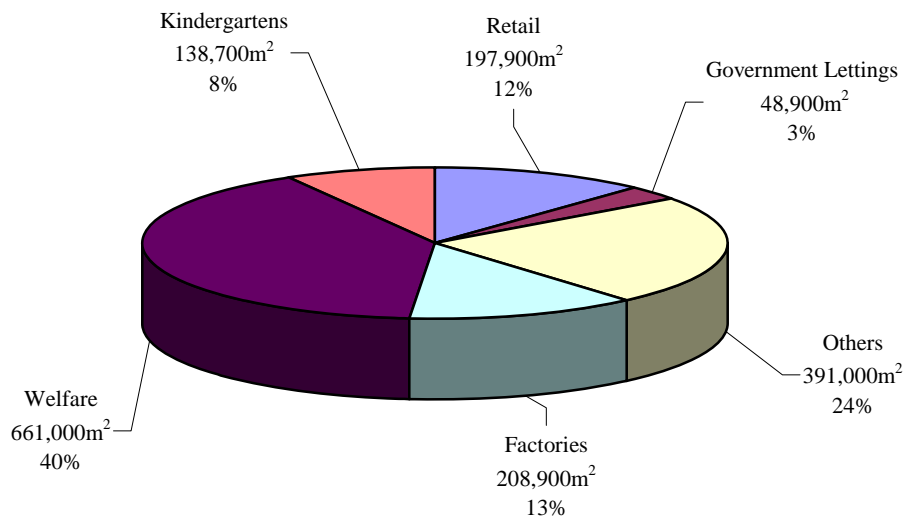
Home Ownership Assistance Operating Account

- 6.9 The income and expenditure of the Home Ownership Assistance Operating Account for 2013/14 are budgeted at \$3,189 million and \$1,441 million respectively. An operating surplus of \$1,748 million in 2013/14 is projected, as compared to the operating surplus of \$1,406 million in the 2012/13 Revised Budget. The higher operating surplus in 2013/14 is mainly due to the sale programme for remaining surplus HOS flats expected to be launched in early 2013.

COMMERCIAL PROPERTIES

- 6.10 The main function of the commercial properties operation is to manage the HA's commercial and non-domestic properties (including retail, government lettings, welfare, kindergarten and flatted factories) as well as carparks.
- 6.11 As at 30 September 2012, the HA ran approximately 1 646 400m² IFA of commercial and other non-domestic (excluding schools) properties and 27 800 car parking spaces. Breakdown of the commercial and non-domestic properties portfolio by space is as follows –

Commercial and Non-domestic Properties Portfolio by Space (IFA m²)
As at 30 September 2012
(Total Space 1,646,400 m²)



Budget

- 6.12 Income and expenditure of the commercial operating account for 2013/14 are budgeted at \$2,024 million and \$1,248 million respectively. An operating surplus ^[25] of \$776 million in 2013/14 is in the forecast, as compared to that of \$667 million in the 2012/13 Revised Budget. The increase in operating surplus in 2013/14 is mainly due to the planned addition of some newly completed premises and projected income growth of the premises.

CORPORATE SERVICES

- 6.13 Corporate services operation comprises a wide range of supporting services that facilitate efficient operation of the HA. These include general administration, human resources management, legal services, financial management services, corporate and community relations, management consultancy / advisory services and IT.

Budget

- 6.14 The 2013/14 proposed expenditure budget of \$828 million for corporate services is higher than the 2012/13 revised budget of \$810 million by \$18 million. The increase in 2013/14 is mainly due to (i) the assumed pay rise partly offset by some vacant posts not yet filled; (ii) higher other recurrent expenditure due to the assumed inflation and increased requirement for computer systems maintenance and support services; and (iii) higher capital expenditure for IT development projects. It is partly offset by lower capital and recurrent expenditure on maintenance & improvement works due to planned completion of some works programme (e.g. barrier free access works in the headquarters of the HA and office fitting out works for the HOS team etc.).

Note [25] : Refers to the operating surplus before exceptional items.

7. CONSOLIDATED BUDGETS

- 7.1 As a financially autonomous public body, the HA funds its public housing programmes with its own resources.
- 7.2 Although the HA's expenditure is not part of the Government's expenditure, it accounts for approximately 4.8% of the total public expenditure in 2012/13. A summary of the income and expenditure items of the HA's Revised Budget for 2012/13 and Proposed Budget for 2013/14 is set out below –

	Revised Budget 2012/13 (\$M)	Proposed Budget 2013/14 (\$M)
Operating Income	14,170	18,929
Operating Expenditure	(13,946)	(17,447)
Special Items	<u>(130)</u>	<u>12</u>
Consolidated Operating Surplus	<u>94</u>	<u>1,494</u>
Capital Expenditure	10,367	11,900

CONSOLIDATED OPERATING ACCOUNT

- 7.3 The Consolidated Operating Account shows a surplus of \$1,494 million in the 2013/14 Proposed Budget as compared to the \$94 million in the 2012/13 Revised Budget. The higher surplus is mainly attributable to lower deficit in the Rental Housing Operating Account due to the full-year effect of the 2012 upward rent adjustment by 10%, and the higher surplus in the Home Ownership Assistance Operating Account due to the planned sale of remaining surplus HOS flats. A summary is set out below –

Summary of Operating Surplus/(Deficit)

	Revised Budget 2012/13	Proposed Budget 2013/14
	\$M	\$M
Rental Housing	(1,790)	(994)
Commercial	608	728
Home Ownership Assistance	1,406	1,748
Special Items ^[26]	(130)	12
Consolidated Operating Surplus	<u>94</u>	<u>1,494</u>

CASH AND INVESTMENT BALANCE

7.4 The projected cash and investment balance at end-March 2013 and end-March 2014 are summarized below –

Summary of Cash Flow

	Revised Budget 2012/13	Proposed Budget 2013/14
	\$M	\$M
Cash & Investment Balance at year-end	65,885	62,824

7.5 The cash and investment balance is projected to decrease by \$3,061 million or 4.6% in 2013/14, mainly due to (i) the increase in construction payment for PRH and the new HOS flats; and (ii) the increase in payments for estate management and maintenance services as a result of the increase in housing stocks and projected increase in price level.

CAPITAL EXPENDITURE

7.6 Capital expenditure in 2013/14 is budgeted at \$11.9 billion. The details are summarized below –

Note [26]: The special items mainly represent income from Urban Renewal Authority for the rental flats allocated to affected tenants. For the 2012/13 Revised Budget, it is mainly attributable to the provision for the write-off of the development cost arising from abortive sites returned to the Government.

Summary of Capital Expenditure

	Revised Budget 2012/13 (\$M)	Proposed Budget 2013/14 (\$M)
Construction Expenditure	7,679	8,947
Improvement Works	730	811
Computer Projects	209	226
Direct Costs and Overheads charged to Construction, Improvement Works and Computer Projects	1,749	1,916
Total	10,367	11,900

- 7.7 Compared with the 2012/13 Revised Budget, the proposed capital expenditure budget for 2013/14 has increased by \$1,533 million or 15%, mainly due to more rental flats under construction and commencement of foundation works for the new HOS projects.