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# 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

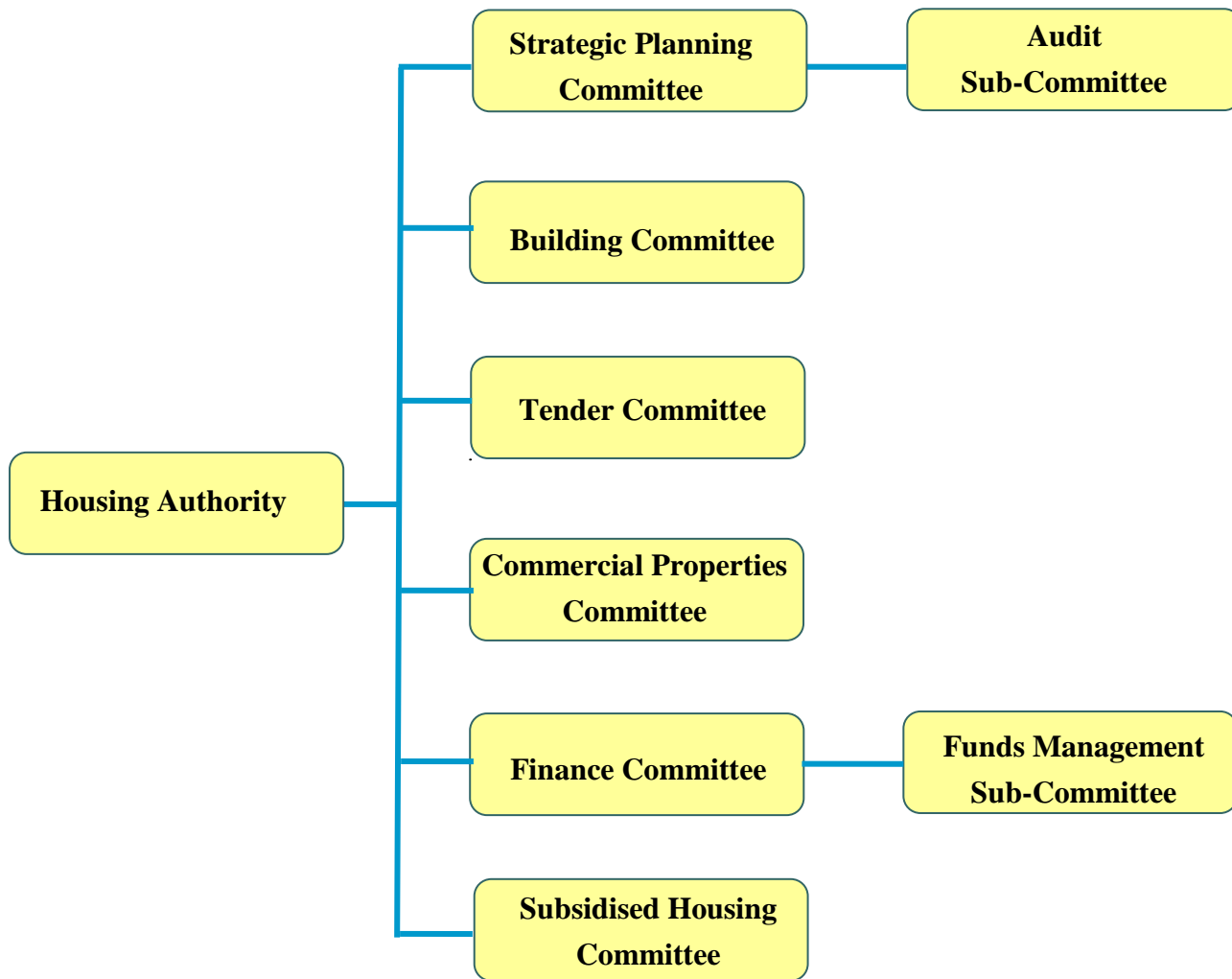
## Housing Authority

- 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 2013<sup>[1]</sup>, the HA had a stock of 741 800 PRH / IH flats, accommodating 2 013 500 persons, or 28% of Hong Kong's total population.
- 1.3 As at December 2013, the membership of the HA comprised 25 non-official members and four official members. Appointments are made by the Chief Executive. To help forge closer collaboration between the HA and the 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.

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Note [1]: Unless otherwise stated, all figures quoted in this Corporate Plan refer to position as at 30 September 2013.

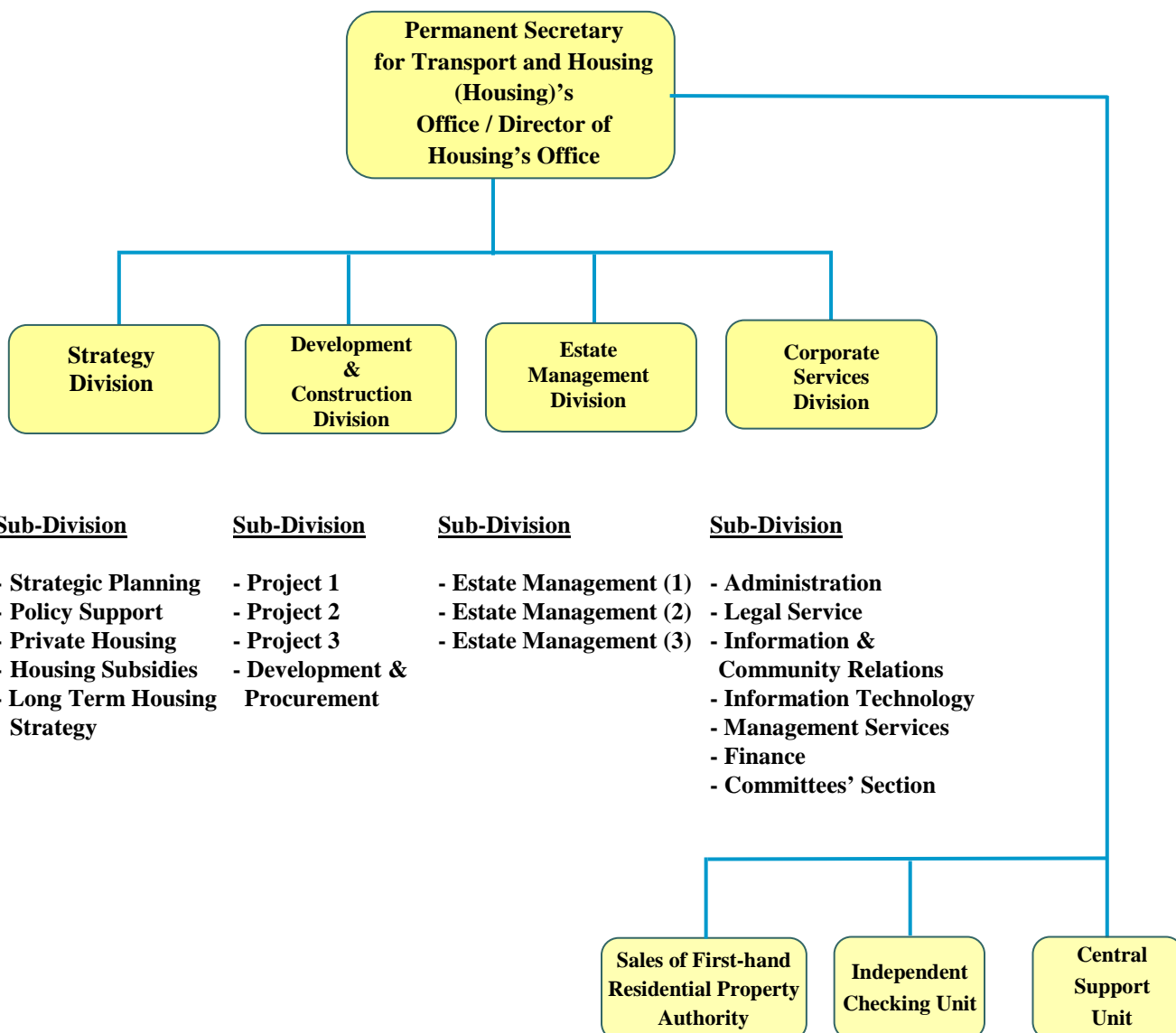
### Organization of the Housing Authority



## 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 2013, the HD had a strength of 8 806 staff, of which 8 106 were civil servants and 700 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)<sup>[2]</sup> at around three years for general applicants on the PRH Waiting List (WL), as well as to meet the home ownership aspirations of the low-to-middle income families by building subsidised sale flats.

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

- 2.2 Housing is the top priority of the Government. As an important provider of housing and the implementation agent of the Government's public housing policy, the HA is assuming a bigger role and shouldering even more responsibilities in addressing the housing problem in Hong Kong.
- 2.3 Hong Kong is now faced with an acute housing problem, triggered by a severe demand-supply imbalance in the housing market. Fundamental to meeting the basic housing requirements of those most in need is the provision of PRH. The HA's objective is to provide PRH to those who cannot afford private rental accommodation, with a target to maintain the AWT<sup>[2]</sup> for general applicants at around three years. Nonetheless, the WL for PRH has been lengthening. As at end-September 2013, there were about 118 900 general applications and about 118 900 non-elderly one-person applications under the Quota and Points System on the WL for PRH. At the same time, the AWT<sup>[2]</sup> for PRH has also been increasing, and stood at 2.8 years for general applicants as at end-September 2013. It is becoming increasingly challenging for the HA to maintain its three-year AWT<sup>[2]</sup> target for general applicants.

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

- 2.4 On the other hand, the prices of residential properties remained stubbornly out of reach by many prospective home buyers, despite the introduction of demand-side management measures by the Government. According to the Rating and Valuation Department, the mortgage-to-income ratio in the third quarter of 2013 was about 54%, which was higher than the figure for the third quarter of 2012 of around 50% by 4%. It was also significantly higher than the average mortgage-to-income ratio of 48% in the past 20 years (1993 to 2012). It remains difficult for prospective home buyers to afford and pursue home ownership in the private sector.
- 2.5 In view of the housing situation in Hong Kong, the Government's policy objectives are to assist grassroots families to secure PRH to meet their basic housing needs, assist the public to choose accommodation according to their affordability and personal circumstances, and provide subsidized home ownership flats on top of PRH so as to build a progressive housing ladder. On the PRH side, the HA has in place a rolling public housing production programme to address the demand for PRH. For the first five years from 2012/13 to 2016/17, by fast-tracking two PRH projects with about 3 400 flats, the total PRH production has been increased from the target of 75 000 to about 79 000 flats. For the second five years from 2017/18 to 2021/22, sufficient land has already been identified to produce more than 100 000 flats.
- 2.6 In light of the community's aspirations for home ownership, the HA has also been working very hard on the development of Home Ownership Scheme (HOS) projects to meet the Government's planning target of providing a total of some 17 000 new HOS flats over the four-year period from 2016/17 and thereafter an annual average of 5 000 HOS flats. It is expected that the first batch of new HOS units will be completed in 2016/17, and the pre-sale will take place in end-2014. Apart from the development of new HOS units, the HA also offers the HOS Secondary Market Scheme, under which Green Form applicants can purchase HOS flats with premium not yet paid. In response to the home ownership aspirations of those with White Form (WF) status before the first batch of new HOS flats are completed in 2016/17, an interim scheme whereby 5 000 WF buyers each year will have a chance to purchase HOS flats with premium not yet paid has also been introduced. In addition, the HA has sold the 800 odd remaining Surplus HOS flats in the Sale of Surplus HOS Flats Phase 7.



- 2.7 Despite the relentless efforts of the HA, there is still a lot of work to do to tackle the housing problem in Hong Kong. The HA will rise up to the challenge, and support the Government's policies and strategies to deal with various housing issues. It is noteworthy that the Steering Committee on Long Term Housing Strategy (LTHS), chaired by the Secretary for Transport and Housing, has recently completed a public consultation on the LTHS for Hong Kong for the next ten years. For housing issues under the HA's purview, the Steering Committee's recommendations and views of the public collected during the consultation period will be referred to the HA for consideration and implementation. The HA will follow up on these recommendations and continue to assist the Government to satisfy the housing needs of the Hong Kong community. In particular, the HA will work closely with the Government to identify land to meet the Government's public housing supply target.
- 2.8 The Corporate Plan (CP) 2014/15 has taken into account the latest developments as elaborated above, and set out strategies and initiatives to fulfill the HA's vision and meet the community's housing needs. It guides and directs the HA's efforts to cope with the mounting challenges, while reinforcing the HA's role in providing affordable quality housing to the Hong Kong people.

### Strategic Objectives

- 2.9 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<sup>[3]</sup>
  - To maximize the rational allocation and to eliminate abuse of housing resources with a view to enhancing the turnover of PRH

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Note [3] : "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 work in partnership with customers and other stakeholders to enhance service quality
- To address the aspiration of low-to-middle income families for home ownership by planning for a sustainable HOS programme
- To manage and maintain our assets with a view to maximizing their economic life and contribution
- To make effective use of private sector resources
- 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

2.10 To achieve the above strategic objectives, we have drawn up 46 key activities (KAs) under four main themes and one KA for considering the recommendations arising from the LTHS review for the 2014/15 CP. Seven KAs are new initiatives while 40 KAs are on-going initiatives. Details are set out in Chapter 4.

### **3. MID-YEAR PERFORMANCE REVIEW OF THE 2013/14 CORPORATE PLAN**

- 3.1 Out of the 40 KAs covered in the 2013/14 CP, nine KAs are new initiatives while 31 KAs are on-going initiatives. Up to 30 September 2013, among the 40 KAs, one (2.5%) was completed while 39 (97.5%) were on schedule, on-going or partially completed. The progress is highlighted below.

#### **Provision of Public Housing**

- 3.2 The goal for 2013/14 was to construct 14 100 PRH flats, 4 900 m<sup>2</sup> gross floor area (GFA) of retail facilities and 330 car / lorry parking spaces. As at 30 September 2013, the construction of about 7 900 PRH flats, 13 000 m<sup>2</sup> GFA of retail facilities<sup>[4]</sup> and 410 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 2013/14. Regular meetings with the Government bureaux and departments concerned were held to identify and to endorse potential sites for public housing development as well as to increase the densities and plot ratios of suitable PRH sites.
- 3.3 Up to 30 September 2013, 11 310 PRH flats were allocated to WL applicants in 2013/14. The AWT<sup>[2]</sup> for general WL applicants (excluding non-elderly one-person applicants) was 2.8 years as at 30 September 2013, while that for elderly one-person applicants was 1.6 years.

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Note [4]: The 13 000 m<sup>2</sup> GFA of retail facilities constructed in the first half of 2013/14 includes 4 700 m<sup>2</sup> in Kai Tak Development Site 1B and 8 300 m<sup>2</sup> in Kai Tak Development Site 1A. The 410 parking spaces include 140 in Kai Tak Site 1A, 230 in Kai Tak Site 1B and 40 in Sai Chuen Road. Since the completion of Kai Tak Site 1A had been rescheduled from 2012/13 to 2013/14, the total GFA of retail facilities and car parking spaces constructed in the first half of 2013/14 exceeded the original performance goals.

- 3.4 As part of our housing policy, we have been planning and designing HOS development projects. The first batch of about 2 200 new HOS flats would be completed in 2016/17, and the pre-sale was scheduled for end-2014. We have also been implementing the interim scheme of extending the HOS Secondary Market to White Form buyers with an annual quota of 5 000. Approval letters to the first batch of 2 500 successful applicants were issued on 31 May 2013. The HA will issue the approval letters to the remaining 2 500 successful applicants by end-December 2013.

### **Providing Quality Homes**

- 3.5 To achieve the aim of providing quality homes, 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. Following the completion of the feasibility study in Kwai Shing West and Upper Ngau Tau Kok Estates to ascertain the levels of performance prescribed under BEAM Plus for existing buildings (including energy use, water use, indoor environmental quality etc.), we have registered Kwai Shing West Estate with the Hong Kong Green Building Council for BEAM Plus assessment, and submission for Provisional Assessment was scheduled for the fourth quarter of 2013. On the new building front, we had promulgated Specification Clauses for implementation in all new projects to achieve BEAM Plus readiness. We had also registered selected projects with the Hong Kong Green Building Council for assessment and rating under the BEAM Plus Assessment Scheme.
- 3.6 In pursuit of quality homes and to respond to the rising public aspirations for environmental conservation, we had incorporated green concepts into the design and construction of new PRH estates. Greening ratio of 20%-30% and tree planting ratio of not less than one tree per 15 flats for new PRH projects was adopted to enhance greening in all new estates. We had also incorporated green roofs at high-rise blocks and applied the balanced ecological planning and design principles in suitable projects. Furthermore, tree risk assessment and the related tree remedial works were completed in the second quarter of 2013.

- 3.7 To adopt environmentally responsive planning and design, “micro-climate” studies in 40 on-going projects and Air Ventilation Assessment in 21 on-going projects were continued to be conducted to optimize natural ventilation and the use of daylight in planning and design. We had also commenced the bio-filtration installation with spent mushroom compost in Ex-Cheung Sha Wan Police Quarters to reduce air pollutants from car park and the main road. To mitigate noise, acoustic windows, balconies, fins and noise barriers were used in different projects to suit site-specific characteristics. Furthermore, Carbon Emission Estimation for eight projects to gauge the total carbon emissions of new PRH development in construction stage and throughout the life cycle of the building was conducted. The results were satisfactory in general with the environmental quality greatly improved.
- 3.8 With a view to optimizing site potential and maximizing the supply of flats, we had adopted comprehensive planning and site-specific design for all domestic blocks in new projects to best respond to site conditions, utilize plot ratio and maximize flat production. We had taken into consideration the views of the local community and the requirements of the Government departments with an aim of providing the essential welfare facilities while optimizing the development potential.
- 3.9 To further enhance the environmental quality of PRH, we had successfully completed the feasibility study on the incorporation of the principle of ISO 19011 (Auditing Management System) and the framework of ISO 31000 (Risk Management) in the existing Quality Management System for the maintenance and improvement works in PRH estates. We had also acquired the ISO 50001 for Kwai Shing West Estate in June 2013 for implementation of energy saving initiatives, as well as enrolling three estates in the Hong Kong Quality Assurance Agency (HKQAA) Sustainable Building Index. Furthermore, we had applied the enhanced tree management plan to facilitate preservation and protection of all existing trees in construction sites and existing PRH estates.
- 3.10 To promote “green” construction, timber from sustainable sources was continued to be used for temporary works during construction and precast water tanks. We have also been studying the use of finger joints and composite joints in timber doorsets to reduce raw material wastage during the manufacturing process, and carried out studies on the use of sound insulation materials on floor slabs for reducing structure-borne noise with satisfactory result. The pilot use of Excelicrete in Kai Tak Site 1B was completed, and the performance was found to be effective in

reducing cement consumption and carbon emission in concrete production.

- 3.11 To further enhance the quality of estate management and to develop a comfortable and healthy living environment for our PRH tenants, we had implemented the ISO 14001 Environmental Management System Certification programme in planned maintenance and improvement works for all estates as well as in property management since 2010. We had successfully obtained the ISO 14001 certification for property management for all estates in July 2013. We had also obtained 25 building energy certificates issued by the Electrical and Mechanical Services Department for meeting the energy efficiency requirements on lighting, electricity, air-conditioning, lift and escalator installations in the first half of 2013/14.
- 3.12 With a view to improving building safety in aged PRH estates, the Comprehensive Structural Investigation Programme (CSIP), the Estate Improvement Programme, the Responsive In-flat maintenance Services and the Total Maintenance Scheme were continued to be implemented. We had also continued to carry out the lift modernization programme. As in September 2013, 45 out of 101 old lifts had already been replaced. Moreover, we had planned to update the Closed Circuit Television Security System in 20 PRH estates from black and white to colour monitors.

### **Promoting Sustainable Living**

- 3.13 To promote mutual family support and care for the elderly, enhanced harmonious families policies and partnering functions with non-governmental organizations (NGOs) were continued to be implemented. The harmonious families policies were introduced in 2007 and fully implemented in 2009. A cumulative total of around 28 030 households had benefited from the policies. All Estate Management Advisory Committees (EMACs) had planned community activities in partnership with NGOs to promote neighbourliness in estates. EMACs would also collaborate with NGOs to organize functions to deliver outreaching services to the elderly tenants.

- 3.14 We treasured the views and feedback from tenants on the planning and design of PRH estates as these opinions were important for cultivating harmonious and sustainable living in the community. We had held community engagement workshops, forums and meetings for project proposals in different districts, including the Open Plaza in Domain, Pak Tin Estate Redevelopment, Ex-Kwai Chung Police Married Quarters, Cheung Sha Wan Wholesale Food Market and a number of sites in Northwest Kowloon. We had also conducted post-completion review workshops for three projects and held Action Seedling ceremony for four projects. Furthermore, we had consolidated the findings of the survey on the communal behavior and social benefits in the provision of communal terraces at Kwai Luen Road Estate after occupation. Given the design of the communal terraces were well-received, we had given suggestions to the Building Committee for the design of similar terraces in the future.
- 3.15 We continued to partner with green groups to implement the 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. The theme this year was on “Reduction of Municipal Solid Waste”, and under which, an estate-wide educational programme on food waste reduction had been conducted. 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 PRH tenants in improving their living environment and building a caring community.
- 3.16 We continued to enhance tree management and implement landscape improvement programmes. The annual tree risk assessment works for all construction sites and existing PRH estates had been completed, and one refresher/training courses for Estate Tree Ambassadors had been held. We had also completed uploading the tree data of 2012 to the Tree Database and the uploading of 2013 data was in progress. Furthermore, to cultivate green concept among tenants, green activities with community participation had been held in 14 estates and tree planting days had been organized in eight estates. We had also completed landscape improvement works in nine estates while works for thematic gardens in two estates, Lee On and Shun On, were in good progress.

- 3.17 To secure competent and reliable business partners, we strive to improve our procurement practices, and to raise service standards by ensuring a competent workforce and implementing tendering scoring measures. Commencing from the second quarter of 2013, we required a Director of each works contractor to submit a statutory declaration when they applied for admission to the list or renewed contracts. We also continued to employ a two-envelope tendering system for complex building and piling contracts. Moreover, we had been monitoring the Performance Assessment Scoring System in building, building services, piling, demolition and soft landscape contracts. As approved by the Tender Committee in the third quarter of 2013, we had also implemented the Preferential Tender Award System for District Term Contracts.
- 3.18 In developing new PRH estates, we were mindful of socio-spatial equity for users of all abilities, as well as elements of social cohesion and sustainability. We adopted the universal design principles in the design and planning of community facilities and domestic flats. We provided Integrated Community Play Areas for all ages and abilities, and implemented Barrier Free Access to block entrances, strategic estate facilities and transportation nodes.
- 3.19 We continued to monitor the safety management system for construction sites to ensure its effectiveness in the prevention of accidents, and improvement measures would be devised and implemented for the system as necessary. In the first half of 2013/14, we have implemented new specification clauses such as protecting workers from heat stroke and safe use of working platforms and handling of large panel formwork etc. to enhance the working environments and work practices at construction sites. We also required the contractors to provide safety orientation, work guidance and site familiarization to probationers and new comers. Our relentless efforts resulted in a low accident rate of 6.5 per 1 000 workers up to the second quarter of 2013/14. To further enhance the safety and health of workers, we had explored the enhancement of the specification for “health check for workers” in consultation with Hong Kong Construction Association Limited.
- 3.20 To commemorate the 60<sup>th</sup> anniversary of public housing development in Hong Kong, we had organized a number of events and activities in the first half of 2013/14. Following the Launching Ceremony of the 60<sup>th</sup> anniversary activities in the end of April 2013, the 60<sup>th</sup> anniversary documentary video, roving exhibitions in PRH estates and the Public Exhibition were launched as scheduled.



## **Optimizing and Rationalizing the Use of Public Resources**

- 3.21 We continued to take actions to ensure the rational and effective use of public housing resources. During the first half of 2013/14, Public Housing Resources Management Sub-section (PHRM) conducted rigorous checks on some 3 500 cases on income / assets declaration under the Housing Subsidy Policy and Policy on Safeguarding Rational Allocation of Public Housing Resources. Among these cases, some 100 suspected false statements were detected. To step up the measures, a special team was established under PHRM on 1 April 2013. Intensive checking on some 2 360 additional cases were further conducted. PHRM also proactively carried out in-depth investigations into some 6 400 occupancy-related cases, among which notice-to-quit were recommended for some 250 cases. Some 90 PRH flats were recovered. To arouse public awareness to cherish the public housing resources, a series of publicity programmes had been launched through estate newsletters, posters, advertisements in the press, broadcast on radio and Housing Channel, etc.
- 3.22 To revitalize aged PRH estates and review the site development potential for optimization, a dedicated Redevelopment Potential Action Team was formed in the first quarter of 2013. The team had carried out a preliminary review of the non-divested aged PRH estates with a view to formulating a redevelopment priority list in the wider district context. A development potential assessment was also being conducted on aged PRH estates under the “Refined Policy on Redevelopment of Aged Public Rental Housing Estates” and in line with the CSIP with the aim of optimizing land use and flat production.
- 3.23 We have always benchmarked the average construction cost of the 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 53% lower than that of private sector residential buildings of average standard. The market cost trend and the adequacy of the project budgets were also closely monitored. The budgets of 15 capital works new works projects were being updated to align with the June 2013 Construction Cost Yardsticks.
- 3.24 On the manpower side, under the Long-term Manpower Strategy, 64 contract posts were converted into civil service posts in the first half of 2013/14. We have secured a number of staff to cope with the growing workload arising from the increased public housing production targets

and other housing initiatives. As at end-September 2013, the HD's establishment was 9 207, representing a net increase of 166 posts as compared to end-March 2013. To nurture a committed, motivated and competent workforce, we had arranged local and overseas management development and leadership programmes for selected staff. A series of staff engagement activities including training courses, employee wellness programmes and core values promotion activities, etc. had also been arranged. Besides, we had gathered feedback and views on issues of staff concerns through various channels such as group meetings and goodwill visits to enhance staff communication.

- 3.25 New technology had been used to improve customer services and enhance operational efficiency. We continued to apply Radio Frequency Identification (RFID) technology in tracking the workflow and logistics of building components as well as the maintenance of buildings. RFID would be fully implemented to monitor the disposal of construction and demolition materials in new works construction projects in early 2014. We had widened the application of Building Information Modelling (BIM) in all disciplines / aspects for planning, design and construction of selected projects. To assist project teams in BIM implementation, the BIM Project Execution Guide had been compiled. Approval for the revamp of Specification Library Information system was also obtained, and tender for the necessary services was in progress. It is expected that the implementation work would commence in the first quarter of 2014. We had also continued to use Geographic Information System in the management of centralized drawing records and for location identification in maintenance works orders. Moreover, we expanded its function to provide a web-based mapping system to assist in the search for potential sites, the carrying out of site feasibility studies and tree management, as well as tools for carrying out three-dimensional spatial studies. To further enhance the customer services to our PRH tenants, implementation of the new Customer Services Management System in all estate offices was completed in August 2013.

### **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. A more diversified trade mix has been adopted for both new and existing neighbourhood shopping centres in order to provide our PRH residents with more shopping choices. Under the five-year rolling programme for

prioritising major asset enhancement works, upgrading works for the commercial properties earmarked, i.e. On Kay and Lung Poon Courts as well as Ping Shek, Wah Fu (I) & (II) and Kwai Shing West Estates, were in progress. Through the implementation of various leasing strategies for retail facilities, the vacancy rate for shops was further reduced from 2.1% as at end-March 2013 to 1.5% as at end-September 2013.

- 3.27 To integrate environmental protection initiatives in the management of commercial facilities, we had joined the Government's Energy Saving Charter to reduce the electricity consumption for air-conditioning in commercial premises. We had maintained an average indoor temperature of 24 to 26 degree Celsius in our shopping centres from June to September 2013. Furthermore, we had actively promulgated food waste reduction management practice through the appointed management service providers in the newly built shopping centres and markets.
- 3.28 Domain, our largest integrated commercial centre in Kowloon East District, had been attaining a steady growth in popularity on the footfall and business turnover since the grand opening ceremony on 1 December 2012. We had adopted the quality facility management practice through implementation of energy savings initiatives, green management and promotion of happy workforce in Domain. A yearly strategic and sustainable publicity plan with tailor-made promotional activities in partnership with shop tenants of Domain was drawn up to raise pedestrian flows and boost patronage. To further enhance footfall and sustain business growth, a consultant had been appointed to provide Domain with strategic management services with effect from October 2013.

## **4. MAIN THEMES AND KEY ACTIVITIES IN 2014/15**

4.1 This chapter sets out the main themes and KAs of the HA in 2014/15.

### **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 2014/15 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 and the new initiative of considering the recommendations arising from the LTHS review, we have devised 47 KAs for 2014/15. Details of the KAs are set out below.

## Key Activities

### New Initiatives

#### *Considering the recommendations arising from the review of the LTHS*

- To consider and where appropriate implement the recommendations arising from the review of the LTHS

### Providing Quality Homes

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

- To develop a comprehensive range of modular flats for HOS to suit the diverse needs of the public

#### *Enhancing social responsibility practices in existing PRH estates*

- To be enrolled in HKQAA Corporate Social Responsibility Index for verifying the social responsibility performance of existing estates through the adoption of the management framework of ISO 26000 Social Responsibility

#### *Addressing the home ownership needs of the low- to middle-income families*

- To launch the sale of new HOS flats

### Promoting Sustainable Living

#### *Promoting environmental-care attitude*

- To benchmark the environmental performance of existing PRH estates with scientific building assessment method

## **Optimizing and Rationalizing the Use of Public Resources**

### ***Ensuring effective provision of property services to PRH estates***

- To strengthen the procurement strategy of property services contracts

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

- To replace the aging facial recognition devices of the Housing Department Facial Attendance System to improve operational efficiency in verifying the identity and recording time attendance of cleansing workers and security guards in PRH estates

## On-going 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 and conduct detailed studies on selected sites in order to achieve the production targets of domestic flats and facilities as planned in the Public Housing Construction Programme, and optimize the development potential of the sites and maximize the supply of domestic flats
- To explore and implement initiatives to expedite construction of new works projects

#### *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 and resource conservation technologies
- To promote energy conservation

#### *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 maintenance and improvement programmes (including regular preventive repairs) and upgrading works to meet requirements of the legislation and other enhancement initiatives
- To be enrolled in HKQAA Sustainable Building Index for existing estates

***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, of 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
- To promote partnering with stakeholders, such as conducting regular seminars and maintaining continuous communication in the development process of procurement initiatives

***Enhancing community bonding and attending to tenants' needs***

- To foster engagement and building of the community while caring for the tenants' needs through the partnering functions of EMACs with NGOs, as well as 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 the 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 the HA's workplace***

- To monitor and enhance the quality of development and environment, as well as health and safety at the HA's construction sites, and improve the environmental, social and economic aspects of sustainability
- To promote staff awareness of environmental protection issues

- To promote staff awareness of and enhance their capacity to ensure occupational safety and health in the HA's workplace
- To join the Government carbon audit campaign and monitor carbon emission in the 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, enhancing the sustainability of older estates and identifying aged estates for redevelopment***

- To identify more aged PRH estates fit for redevelopment for optimization of site development potential and enhancement of facilities
- To prolong the useful life of some aged estates, and enhance the provision of housing development and facilitate the maintenance of older estates
- To monitor the construction cost and improve the cost-effectiveness of construction

#### ***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 by PRH tenants, occupancy-related 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 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 needs***

- To maintain the PRH average waiting time<sup>[2]</sup> for general applicants at around three years
- To provide opportunities for transfer of sitting tenants through various transfer exercises

***Conducting the PRH rent review under the existing rent adjustment mechanism***

- To conduct the third PRH rent review under the existing rent adjustment mechanism

***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 IT systems to support the evolving business requirements, as well as improve the overall operational efficiency and IT security
- To review and implement IT programmes set out in IT Strategy formulated in early 2012 to meet the HA's business needs in the coming years

***Maintaining sound financial and funds management***

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

***Enhancing the Attractiveness of Commercial Properties***

***Developing the potential of the HA's commercial properties and improving business environment through asset enhancement***

- To review the five-year rolling programme for asset enhancement, prioritize the major asset improvement works, and continue to carry out improvement works according to the priorities set

***Optimizing the business potential of the HA's retail facilities as well as providing services to meet the needs of our community and PRH tenants***

- To enhance the leasing terms and continue the promotional strategy for the HA's new and existing retail facilities
- To sustain Domain as the HA's premium regional shopping centre to serve as an entertainment venue with an integrated shopping and lifestyle experience

***Encouraging environmental protection measures in the HA's commercial facilities***

- To advocate energy saving, waste reduction and recycling in operating the HA's retail facilities, and line up shop tenants to participate in environmental campaigns for the commercial sector launched by the Government

## 5. KEY PERFORMANCE INDICATORS

5.1 To help evaluate and monitor our performance in implementing the key activities, we have adopted four more Key Performance Indicators (KPIs)<sup>[5]</sup> including the saving of water and energy as well as community integration making a total of 19 KPIs for 2013/14. We have reviewed these KPIs and included them in the 2014/15 CP. The past performance and the proposed targets of the KPIs are set out below –

KPI	2012/13 Target (Year-end performance as at 31 March 2013)	2013/14 Target (Mid-year performance as at 30 September 2013)	2014/15 Target
(1) No. of new PRH flats to be provided	13 100 <sup>[6]</sup> (13 100)	14 100 <sup>[6]</sup> (7 900)	12 700 <sup>[6][7]</sup>
(2) AWT <sup>[2]</sup> for PRH applications (years)			
- General <sup>[8]</sup>	3 (2.7)	3 (2.8)	3
- Elderly one-person	2 (1.5)	2 (1.6)	2
(3) Annual average cost per PRH unit under the management of the HD (\$)			
- Direct management cost <sup>[9]</sup>	5,450 (5,110)	5,670 (5,255)	5,760 <sup>[10]</sup>
- Actual maintenance cost <sup>[11]</sup>	3,720 (3,344)	3,840 (2,993)	4,070 <sup>[12]</sup>

Note [5] : Applicable to both in-house services and services provided by property services agents / contractors.

Note [6] : Rounded to the nearest hundred.

Note [7] : The 12 700 new PRH flats to be built in 2014/15 is part of the production of 79 000 new flats in the five years from 2012/13. As the production of PRH involves a number of factors such as land availability, planning and construction, there are inevitably fluctuations in the production of new PRH flats every year.

Note [8] : Excluding the waiting time for non-elderly one-person applicants under the Quota and Points System.

Note [9] : The direct management cost comprises direct personal emoluments (PE) for property management only and other recurrent expenditure (ORX) incurred at estate level.

Note [10] : The increase for 2014/15 is mainly due to assumed price level adjustment of various operating expenditure items.

Note [11] : 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 [12] : The increase for 2014/15 is mainly due to assumed price level adjustment.

KPI	2012/13 Target (Year-end performance as at 31 March 2013)	2013/14 Target (Mid-year performance as at 30 September 2013)	2014/15 Target
(4) Proportion of rent arrears (%) <sup>[13]</sup>			
- Domestic	below 3.0 (1.7)	below 3.0 (1.6) <sup>[14]</sup>	below 3.0
- Commercial Properties	below 3.0 (1.6)	less than 3.0 (1.5) <sup>[15]</sup>	less than 2.5
(5) Proportion of overcrowded families <sup>[16]</sup> against total PRH families (%)	below 0.55 (0.45)	below 0.55 (0.44)	below 0.55
(6) Vacancy rate (%)			
- PRH <sup>[17]</sup>	below 1.5 (0.6)	below 1.5 (0.8)	below 1.5
- Commercial Properties (shops)	below 4.8 (2.1)	below 4.0 (1.5)	below 3.0
(7) Average turnaround time for vacant flat refurbishment (days)	not exceeding 44 (43.6)	not exceeding 44 (41)	not exceeding 44
(8) Average development lead time for housing projects (months)	60 (57)	60 (59)	60
(9) Average number of defects per flat at handover	not exceeding 0.8 (less than 0.1)	not exceeding 0.8 (less than 0.1)	not exceeding 0.7
(10) Accident rate in the HA construction sites <sup>[18]</sup> (No. of accidents per 1 000 workers)	not exceeding 12.0 (7.4) <sup>[19]</sup>	not exceeding 12.0 (6.5) <sup>[20]</sup>	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 arrears rate of July 2013. The rent arrears rates of August and September 2013 are not representative as a performance indicator because the net rent for the month of August and September was paid by the Government on behalf of PRH tenants / interim housing licencees as part of the Government's relief measures.

Note [15] : The rent arrears rate ranged from 1.3% to 2.0% from April to September 2013 with the average rate at 1.6%.

Note [16] : Overcrowded families are families with living density below 5.5 m<sup>2</sup> internal floor area per person.

Note [17] : The vacancy rate is calculated by dividing the number of lettable vacant PRH units under the HA by the total stock of lettable PRH units under the HA.

Note [18] : The figure represented the accident rate of the 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 [19] : Based on the Labour Department's statistics for the fourth quarter of 2012.

Note [20] : Based on statistical data up to the second quarter of 2013. There was one fatal accident in the HA sites in the first half of 2013/14. An electrical worker was found lying unconscious on the floor in the bathroom of a flat under construction. The fatality was categorized as an industrial accident by the Labour Department (LD) but no suspension notice was issued to the contractor. Based on circumstantial evidence, the Contractor considers that death was caused by acute medical condition. LD advised that the categorization could be changed pending further investigation.

KPI	2012/13 Target (Year-end performance as at 31 March 2013)	2013/14 Target (Mid-year performance as at 30 September 2013)	2014/15 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 (2,228)	2,000 (688)	2,000
(13) Overall evaluation of training course effectiveness (rating of very effective or above) (%)	85 (92)	85 (94)	85
(14) Paper consumption (reams) <sup>[21]</sup>	130 850 [3% lower than the consumption in 2007/08] <sup>[22]</sup>	130 170 [3.5% lower than the consumption in 2007/08] <sup>[22]</sup> and 0.5 % lower than 2012/13]	129 500 [4% lower than the consumption in 2007/08] <sup>[22]</sup> and 0.5 % lower than 2013/14] <sup>[23]</sup>
	(130 512) [3.2% lower than the consumption in 2007/08] <sup>[22]</sup>	(70 255) [i.e 54% of the target]	
(15) Quantity of items collected from estates for recycling (tonnes)			
- Waste paper	not less than 21 000 ( 27 600) <sup>[6]</sup>	not less than 23 000 (14 800) <sup>[6]</sup>	not less than 25 000
- Aluminum cans	-	not less than 850 (630)	900
- Plastics bottles	-	not less than 1 350 (890)	1 480

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

Note [22] : At present, there is no government-wide target on paper consumption. To demonstrate our commitment towards protecting the environment and with the adoption of paperless office where practicable, we have set our own target on paper consumption and used 2007/08 as the base year for comparison which is in line with the government target on electricity consumption (please see note [25] below).

Note [23] : A year-on-year comparison between the targets for 2013/14 and 2014/15 is added to show the trend of proposed targets.



KPI	2012/13 Target (Year-end performance as at 31 March 2013)	2013/14 Target (Mid-year performance as at 30 September 2013)	2014/15 Target
(16) Water consumption in the HA Headquarters (m <sup>3</sup> )	14 670 [4% lower than the consumption in 2007/08] <sup>[24]</sup>	14 670 [4% lower than the consumption in 2007/08 <sup>[24]</sup> and no change to 2012/13]	14 220 [7% lower than the consumption in 2007/08 <sup>[24]</sup> and 3% lower than 2013/14] <sup>[23]</sup>
	(11 830) [22.6% lower than the consumption in 2007/08] <sup>[24]</sup>	(5 688) [i.e. 38.8% of the target]	
(17) Electricity consumption for office premises (kWh)	36 995 000 [4% lower than the consumption in 2007/08] <sup>[25]</sup>	36 610 000 [5% lower than the consumption in 2007/08 <sup>[25]</sup> and 1% lower than 2012/13]	36 610 000 [5% lower than the consumption in 2007/08 <sup>[25]</sup> and no change to 2013/14] <sup>[23]</sup>
	(36 250 640) [5.9% lower than the consumption in 2007/08] <sup>[25]</sup>	(20 143 942) [i.e. 55% of the target]	
(18) Average energy consumption of building services installations in communal areas of domestic blocks designed within the year (kWh/m <sup>2</sup> /Annum)	-	Not exceeding 30 (26.7)	Not exceeding 27
(19) Holding of bi-monthly EMAC meetings (number of meetings)	-	800 (429)	830

Note [24] : At present, there is no government-wide saving target for water consumption. To demonstrate our commitment towards protecting the environment, we have set our own target on water consumption and used 2007/08 as the base year for comparison which is in line with the government target on electricity consumption (please see note [25] below). We target to achieve a further 3% reduction in the consumption target in 2014/15 compared with 2013/14 through regular inspection to minimize pipe bursting and leakage and promotion of water saving tips to raise staff's awareness.

Note [25] : In April 2009, Environment Bureau announced the government target to achieve a 5% saving on the total electricity consumption in government buildings from 2009/10 to 2013/14 by using the electricity consumption in 2007/08 as the baseline. We aim to maintain the 5% saving target in 2014/15.

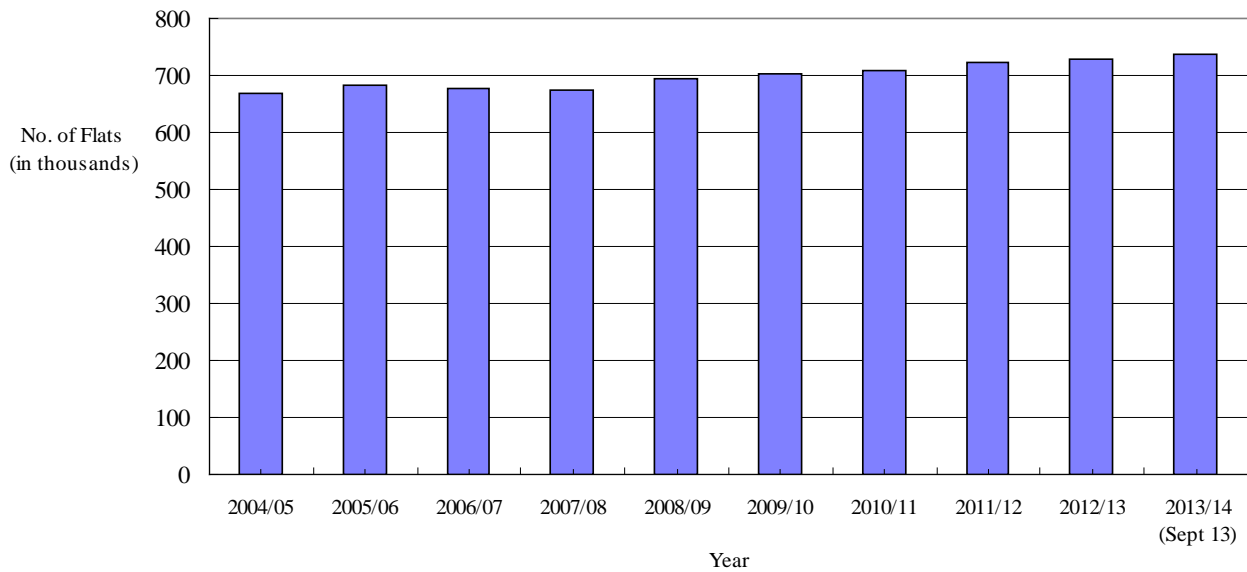
## **6. MAIN OPERATIONS OF THE HOUSING AUTHORITY**

- 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 2014/15.

### **DEVELOPMENT AND CONSTRUCTION, AND BUILDING CONTROL**

- 6.2 The Independent Checking Unit (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 power from the Building Authority to properties in HOS courts, Tenants Purchase Scheme estates and PRH estates with retail facilities and car parks divested to The Link. The ICU processes submissions for New Building Works, Alteration and Addition Works and Minor Works, arranges advices to the Licensing Authorities within the statutory or pledge periods and implements the Mandatory Building Inspection Scheme and Mandatory Window Inspection Scheme. On the other hand, the regulatory functions on the HA's lifts and escalators had been taken over by the Electrical and Mechanical Services Department as the sole enforcing authority after the Lifts and Escalators Ordinance (Cap. 618) coming into effect on 17 December 2012. The original Lift Ordinance Enforcement Unit (LOEU) had then been redeployed to become a new Lift Inspection Focus Team (LIFT) responsible for monitoring the use and operation of the HA's lifts and escalators for risk management and facilitating compliance with the new statutory requirements.
- 6.3 The following chart shows the changes in PRH stock from 2004/05 to 2013/14 –

### Stock of Public Rental Housing Flats<sup>[26]</sup>



### Budget

- 6.4 The construction expenditure for 2014/15 is budgeted at \$12,773 million, increased by \$2,872 million as compared with the 2013/14 Revised Budget expenditure of \$9,901 million. The higher construction expenditure is mainly due to development / construction programme adjustments for some projects with expenditure deferred from 2013/14 to 2014/15, more rental flats under construction and the commencement of building works for 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 [26]: The chart shows the PRH flat stock from 2004/05 to 2013/14. The position from 2004/05 to 2012/13 is as at end-March of the respective years, while that for 2013/14 is as at end-September 2013.

### *Budget*

- 6.6 The 2014/15 proposed expenditure budget of \$106 million for procurement is higher than the 2013/14 revised budget of \$98 million by \$8 million. The increase is mainly due to the assumed pay adjustment and price level adjustments on other recurrent 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 2014/15 are budgeted at \$13,870 million and \$15,534 million respectively. An operating deficit of \$1,664 million in 2014/15 is projected, as compared to the operating deficit of \$800 million in the 2013/14 Revised Budget. The higher operating deficit in 2014/15 is mainly due to (i) the assumed pay adjustment; and (ii) higher other recurrent expenditure and depreciation as a result of increase in housing stock and assumed price level adjustments.

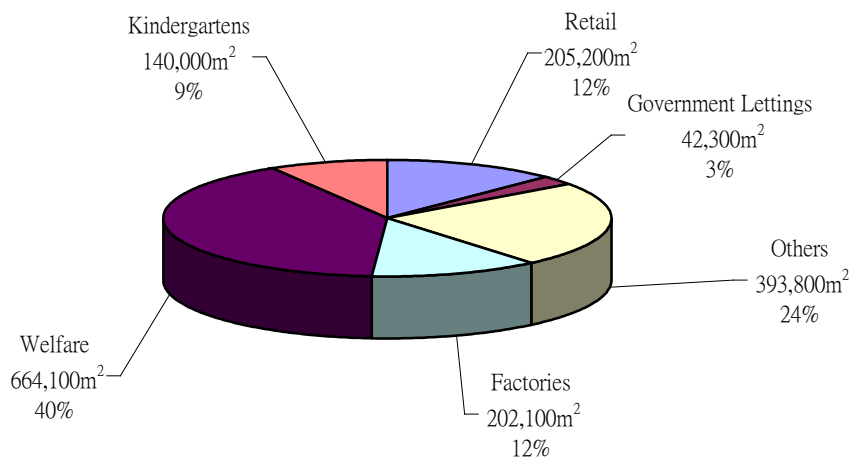
#### Home Ownership Assistance Operating Account

- 6.9 The income and expenditure of the Home Ownership Assistance Operating Account for 2014/15 are budgeted at \$2,110 million and \$681 million respectively. An operating surplus of \$1,429 million in 2014/15 is projected, as compared to the operating surplus of \$2,054 million in the 2013/14 Revised Budget. The lower operating surplus in 2014/15 is mainly due to the completion of sale for the remaining Surplus HOS flats in 2013/14.

## 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 car parks.
- 6.11 As at 30 September 2013, the HA ran approximately 1 647 500m<sup>2</sup> IFA of commercial and other non-domestic properties (excluding schools) and 27 600 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 m<sup>2</sup>)  
As at 30 September 2013  
(Total Space 1,647,500 m<sup>2</sup>)**



### Budget

- 6.12 The income and expenditure of the Commercial Operating Account for 2014/15 are budgeted at \$2,267 million and \$1,343 million respectively. An operating surplus<sup>[27]</sup> of \$924 million in 2014/15 is projected, as compared to that of \$872 million in the 2013/14 Revised Budget. The increase in operating surplus in 2014/15 is mainly due to the planned addition of some newly completed premises and projected income growth of the premises.

Note [27] : Refers to the operating surplus before exceptional items.

## **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 expenditure for 2014/15 Proposed Budget of \$842 million is higher than the 2013/14 Revised Budget of \$799 million by \$43 million. The increase of expenditure in 2014/15 is mainly due to the assumed pay adjustment and filling up of some vacant posts, and the assumed price level adjustments for other recurrent expenditure.

## 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 4.4% of the total public expenditure in 2013/14. A summary of the income and expenditure items of the HA's Revised Budget for 2013/14 and Proposed Budget for 2014/15 is set out below –

	<b>Revised Budget 2013/14 (\$M)</b>	<b>Proposed Budget 2014/15 (\$M)</b>
Operating Income	17,586	18,247
Operating Expenditure	(15,505)	(17,622)
Special Items	(58)	21
Consolidated Operating Surplus	<u>2,023</u>	<u>646</u>
Capital Expenditure	10,932	13,829

### CONSOLIDATED OPERATING ACCOUNT

- 7.3 The Consolidated Operating Account generates a surplus of \$646 million in the 2014/15 Proposed Budget, as compared to the 2013/14 Revised Budget surplus of \$2,023 million. The lower surplus is mainly attributable to (i) higher deficit in the Rental Housing Operating Account due to the projected increase in various operating expenditure items and estate management and maintenance services as a result of the increase in housing stock and the projected price level changes, whereas the rent level is assumed to be remain unchanged; and (ii) lower surplus of the Home Ownership Assistance Operating Account due to the completion of sale for remaining surplus HOS flats in 2013/14. A summary by business operation is set out below –

**Summary of Operating Surplus/(Deficit)**

	<b>Revised Budget 2013/14</b>	<b>Proposed Budget 2014/15</b>
	<b>\$M</b>	<b>\$M</b>
Rental Housing	(800)	(1,664)
Commercial	827	860
Home Ownership Assistance	2,054	1,429
Special Items <sup>[28]</sup>	(58)	21
Consolidated Operating Surplus	2,023	646

**CASH AND INVESTMENT BALANCE**

7.4 The projected cash and investment balance at end-March 2014 and end-March 2015 are summarized below –

**Summary of Cash Flow**

	<b>Revised Budget 2013/14</b>	<b>Proposed Budget 2014/15</b>
	<b>\$M</b>	<b>\$M</b>
Cash & Investment Balance at year-end	68,093	61,671

7.5 The cash and investment balance is projected to decrease by \$6,422 million or 9.4% in 2014/15, mainly due to (i) lower sale proceeds from sales of HOS; (ii) increase in construction payments for PRH and the new HOS flats; and (iii) higher spending on personal emoluments and other recurrent expenditure due to assumed pay adjustment and price level adjustments in 2014/15.

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Note [28] : The special items mainly represent income from Urban Renewal Authority for the rental flats allocated to affected tenants. For the 2013/14 Revised Budget, the deficit is mainly attributable to the provision for the write-off of the development cost arising from abortive sites returned to the Government.



## CAPITAL EXPENDITURE

7.6 Capital expenditure in 2014/15 is budgeted at \$13,829 million. The details are summarized below –

### Summary of Capital Expenditure

	<b>Revised Budget 2013/14 (\$M)</b>	<b>Proposed Budget 2014/15 (\$M)</b>
Construction Expenditure	8,004	10,675
Improvement Works	793	774
Computer Projects	164	216
Direct Costs and Overheads charged to Construction, Improvement Works and Computer Projects	1,971	2,164
Total	<b>10,932</b>	<b>13,829</b>

7.7 As compared with the 2013/14 Revised Budget, the 2014/15 Proposed Budget for capital expenditure has increased by \$2,897 million or 26.5%, mainly due to development / construction programme adjustments for some projects with expenditure deferred from 2013/14 to 2014/15, more rental flats under construction and the commencement of building works for HOS projects.