

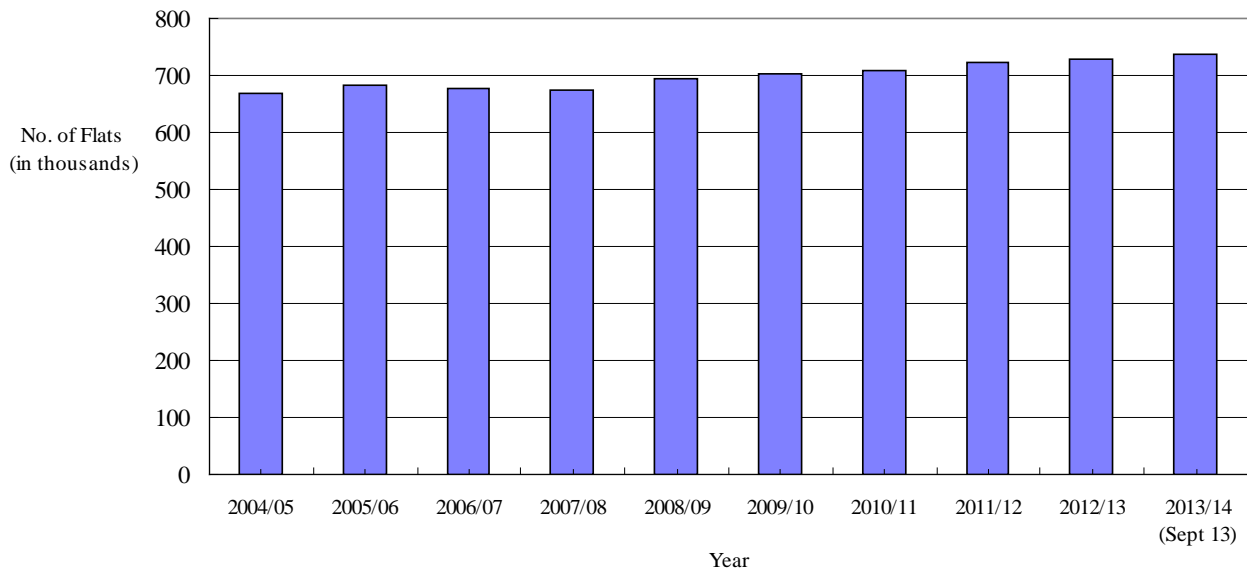
6. MAIN OPERATIONS OF THE HOUSING AUTHORITY

- 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^[26]



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.

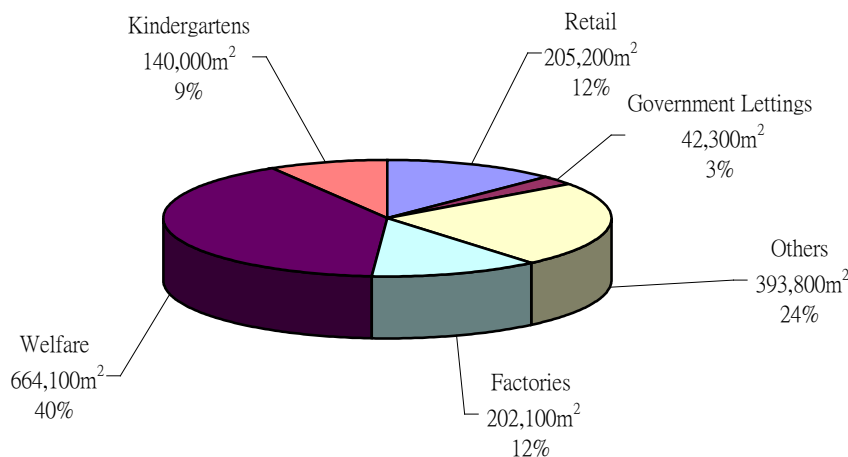
Home Ownership Assistance Operating Account

- 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 500m² 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 m²)
As at 30 September 2013
(Total Space 1,647,500 m²)**



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^[27] 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.