

3. MID-YEAR PERFORMANCE REVIEW OF THE 2014/15 CORPORATE PLAN

- 3.1 Out of the 47 KAs covered in the 2014/15 CP, seven KAs are new initiatives while the other 40 KAs are on-going initiatives. As at 30 September 2014, among the 47 KAs, seven (15%) have been completed while 40 (85%) were on schedule, on-going or partially completed. The progress is highlighted below.

Provision of Public Housing

- 3.2 The goal for 2014/15 is to construct 12 700 PRH flats, 23 400 m² gross floor area (GFA) of retail facilities and 400 car/lorry parking spaces. As at 30 September 2014, the construction of about 1 000 PRH flats, 360 m² GFA of retail facilities and 20 car/lorry parking spaces were completed. Construction of the remaining domestic units and facilities is in progress. Regular meetings with Government bureaux and departments concerned have been held to identify and endorse potential sites for public housing development, as well as to increase the densities and plot ratios of suitable sites. To expedite the construction of housing units, we have implemented a series of measures, including streamlining joint survey at foundation/building interface, vetting base drawings from suppliers by Control Vetting Team, treating non-essential items as outstanding for the purpose of Occupation Permit, standardizing falsework details, etc. To address the issue of shortage of labour in the building industry, we formed a working group with the Hong Kong Construction Association, to implement the streamlined Supplementary Labour Scheme to the HA new works contracts.
- 3.3 Up to 30 September 2014, 7 204 PRH flats were allocated to applicants. The AWT was 3.1 years for general applicants and 1.7 years for elderly one-person applicants as at 30 September 2014.

Providing Quality Homes

- 3.4 To meet the changing and varying needs of our tenants, we have been reviewing the flat types continuously in the modular flat library. In particular, we started reviewing the flat types for HOS since the resumption of the HOS, and the review was completed in the first half of 2014/15. In the process, we included 3-Bedroom and 2/3-Person flats, in addition to 1-Bedroom and 2-Bedroom flats in the design of suitable HOS projects.
- 3.5 To promote a green and healthy environment, as well as to gain GFA concessions for some projects, we registered 13 new works projects with the Hong Kong Green Building Council for assessment and rating under the Building Environment Assessment Method Plus (BEAM Plus) Scheme in the first half of 2014/15. In pursuit of quality homes and to respond to the rising public aspirations for environmental conservation, we incorporated green concepts into the design and construction of new estates. A greening ratio of 20%-30% and a tree planting ratio of not less than one tree per 15 flats was adopted for new projects to enhance greening. We also incorporated green roofs at high-rise blocks and applied the balanced ecological planning and design principles in suitable projects. We completed the 2014 tree risk assessment for construction sites and existing PRH estates in the second quarter of 2014. Moreover, we completed the related tree remedial works in the third quarter of 2014.
- 3.6 To adopt environmentally responsive planning and design, we conducted “micro-climate” studies in 34 on-going projects and Air Ventilation Assessment in the planning and design stages of 22 on-going projects, with a view to optimizing natural ventilation and the use of daylight. To mitigate noise, we used acoustic windows, balconies, fins and noise barriers in different projects in accordance with site-specific characteristics. Furthermore, we gauged the total carbon emissions of new developments using Carbon Emission Estimation throughout the life cycle in three projects.

- 3.7 We strive to optimize site potential and maximize the supply of flats. We have 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 have taken the views of the local community and the requirements of the Government departments into consideration, with the aim of providing the essential welfare facilities while optimizing the development potential.
- 3.8 With a view to enhancing the environmental quality of PRH, we completed the enrollment in Hong Kong Quality Assurance Agency (HKQAA) Sustainable Building Index (SBI). Six estates were awarded the HKQAA SBI Verified Mark. We plan to complete the enrollment of four other selected estates under the scheme by the first quarter of 2015. Moreover, we have enhanced environmental protection through the acquisition of ISO 50001 certification for Energy Management System (EnMS). We conducted Certification Audit for 620 PRH blocks and obtained the corresponding certificate for EnMS with an effective date of 29 August 2014. Furthermore, we have applied the enhanced tree management plan to facilitate preservation and protection of all existing trees in construction sites and PRH estates.
- 3.9 To promote “green” construction, we have continued to use precast water tanks and timber from sustainable sources for temporary works during construction. We have also implemented a new specification for the use of finger and composite joints for manufacturing of door sets. This has helped reduce the use of raw materials in the manufacturing process. Moreover, we have continued to specify the use of Ground Granulated Blast-furnace Slag (GGBS) in building contracts. We have used GGBS to replace 35% of the cement in concrete for precast façades in all new projects. We have further specified the use of GGBS to replace 60% of the cement in massive concrete, such as that for pile caps, in a pilot foundation contract. We have also been studying the use of GGBS in precast semi-slabs, precast beams, precast staircases, and precast refuse chutes.

- 3.10 We strive to enhance the quality of estate management and develop a comfortable and healthy living environment for our PRH tenants. To verify the social responsibility performance of existing PRH estates through the adoption of the management framework of ISO 26000 Social Responsibility, we completed the enrollment in HKQAA Corporate Social Responsibility Index. We successfully obtained the HKQAA Corporate Social Responsibility Advocate Mark in July 2014. We also obtained 55 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 2014/15.
- 3.11 We endeavour to maintain a sustainable PRH stock through proactive improvement work programmes. To ascertain the structural safety, we have implemented the Comprehensive Structural Investigation Programme for PRH estates of almost 40 years of age, and have been carrying out the investigation works as scheduled. We also implemented the Responsive In-flat Maintenance Services in 211 PRH estates.

Promoting Sustainable Living

- 3.12 To promote mutual family support and care for the elderly, we have continued to implement enhanced harmonious families policies and conduct partnering functions with non-governmental organizations (NGOs). The harmonious families policies were introduced in 2007 and have been in full implementation since 2009. A cumulative total of around 32 440 households have benefited from the policies. All Estate Management Advisory Committees (EMACs) have planned community activities in partnership with NGOs to promote neighbourliness in PRH estates. EMACs would also collaborate with NGOs to organize functions to deliver outreaching services to the elderly tenants.
- 3.13 We offer help to tenants facing temporary financial hardship through Rent Assistance Scheme (RAS). To promote the RAS, we have strengthened the publicity of RAS through Housing Channel, radio broadcast, posters, HA/HD website and estate newsletters. We also distributed leaflets on the RAS to all PRH tenants paying normal rent, along with the rent adjustment notification letters issued in July 2014. We have displayed an eye-catching stand/notice publicizing the RAS at conspicuous location at the customer service counter/waiting hall of the estate offices as well.

- 3.14 We treasure the views of and feedback from tenants on the planning and design of housing estates since their opinions are important for cultivating harmonious and sustainable living in the community. We conducted community engagement activities to present development proposals and obtain feedback on the planning and design of projects. These activities included engagement workshops, as well as forums and meetings for project proposals. For example, we participated in a residents' forum for redevelopment of Pak Tin Estate and discussed various issues with stakeholders. We also conducted surveys to gauge the residents' views in four newly completed estates.
- 3.15 To raise environmental awareness among residents of PRH estates, we have continued to partner with green groups to implement long-term community environmental programme. We completed Phase 7 of the "Green Delight in Estates" programme and commenced Phase 8 in the third quarter of 2014, continuing with the theme of "Reduction of Municipal Solid Waste". The programme involved both estate-wide and in-depth educational activities on protecting and improving the environment. We 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. Moreover, we have drawn reference from BEAM Plus in enhancing the environmental performance of existing PRH estates via more efficient use of energy and resources. We arranged a pilot trial and achieved the Platinum Rating of Provisional Assessment under the BEAM Plus Existing Buildings in June 2014.
- 3.16 We have continued to enhance tree management and implement landscape improvement programmes. To promote greening in existing PRH estates, we organized tree planting day activities in 10 estates. We have also completed landscaped improvement works in nine estates as at end of September 2014. Moreover, we held two refresher/training courses for Estate Tree Ambassadors and completed the annual tree risk assessment exercise to enhance tree management.
- 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. We have continued to require every works contractor applying for admission to or retention on the HA Lists of Works Contractors to submit a statutory declaration. We have also continued to employ a two-envelope tendering system for complex building and piling contracts.

Moreover, we have been monitoring the Performance Assessment Scoring System in building, building services, piling, demolition and soft landscape contracts. We have continued to implement the Preferential Tender Award System for District Term Contracts as well.

- 3.18 In developing new PRH estates, we are mindful of socio-spatial equity for users of all abilities, as well as elements of social cohesion and sustainability. We have adopted the universal design principles in the design and planning of community facilities and domestic flats. We have also provided Integrated Community Play Areas for all ages and abilities, and have implemented Barrier Free Access to block entrances, strategic estate facilities and transportation nodes.
- 3.19 We have continued to monitor the safety management system for construction sites to ensure its effectiveness in the prevention of accidents. We devised and implemented improvement measures for the system as necessary. We enhanced the specification on site safety training for contractors' employees to align with the requirements of the Construction Industry Council. We have also continued to provide site safety training courses for in-house staff to align with the requirements of the Construction Industry Council. Our relentless efforts resulted in a low accident rate of 6.8 per 1 000 workers up to the second quarter of 2014. To further enhance the safety and health of workers, we explored the enhancement of the specification for "health check for workers" in consultation with the Hong Kong Construction Association.

Optimizing and Rationalizing the Use of Public Resources

- 3.20 We have continued to take actions to safeguard the rational and efficient use of public housing resources. To further strengthen tenancy management and prevent abuse of public housing resources, a Special Team with 30 experienced staff was established under Public Housing Resources Management Sub-section on 1 April 2013. Operation of the team has been extended to 31 March 2016. In 2014/15, the Special Team focuses more on occupancy-related cases which include sub-letting, non-occupation, unauthorized occupation and use of premises for illegal activities. Apart from the intensified investigation measures to detect and prevent abuse of public housing resources, we have launched various publicity programmes and outreaching activities to increase public awareness of the need to allocate PRH flats to those with the most pressing needs.

- 3.21 With a view to revitalizing aged PRH estates and review the site development potential for optimization, we have conducted the detailed studies on an estate-by-estate basis, with reference to the preliminary review on the redevelopment potential of the 22 aged estates completed in late 2013. The studies took into account the established policies and factors such as maximization of build-back flat gain, availability of rehousing resources and development constraints and opportunities, etc. Detailed studies for the redevelopment of Wah Fu Estate are underway.
- 3.22 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 50% lower than that of private sector residential buildings of average standard. The comparison was based on the latest construction cost data published by our consultant for high rise residential buildings of average standard in private housing estates. We have continued to closely monitor the market cost trend and the project construction cost at detailed design, tender and construction stages against approved project budgets. To further enhance the construction cost management system, we have also set appropriate alert levels for construction cost per flat for PRH and HOS as benchmarks in the planning stage. For projects with construction cost per flat exceeding the alert level, we would present a summary of factors contributing to the higher unit cost upfront to the Strategic Planning Committee, to draw Members' attention and to facilitate them in making a conscious decision for inclusion of the sites in the Public Housing Construction Programme.
- 3.23 To implement the Long-term Manpower Strategy of the HA, a total of 476 HA contract posts in grades to be staffed by civil servants in the long run had already been converted into civil service posts by the end of 2013/14. In 2014/15, the Government approved the provision of 23 additional quota for civil service posts to the HD for conversion purpose. This represents an increase of 0.3% in the establishment of civil service posts in the HD. There is, however, no net effect on the overall establishment of the HD as the same number of HA contract posts will be deleted to offset the creation of corresponding civil service posts. For the implementation of the HOS, the public housing production target and other related housing initiatives, a total of 462 additional civil service posts, which includes 194, 133 and 135 posts secured in 2012/13, 2013/14 and 2014/15 respectively, have already been created. We will continue to seek additional staffing resources to cope with the growing workload arising from the increase in public housing production target

and other housing initiatives.

- 3.24 We have always been making use of new technology to improve customer services and enhance operational efficiency. On the IT front, the implementation of the common e-Services platform for improving the HA e-Services over the Internet to the general public, PRH tenants and applicants was completed in June 2014 as planned. Progressive migration of the HA's Internet applications to this new platform is being planned. The IT Strategy Study was completed in 2012 to align business and IT as well as to map out a strategic IT plan to meet the HA/HD's business needs for the coming years. In accordance with the plan, the new IT system to support the sale of new HOS flats was expected to be ready by October 2014 to tie in with the planned pre-sale of new HOS flats towards the end of 2014.
- 3.25 We have continued to apply Radio Frequency Identification for delivery tracking of concrete cubes and monitoring the disposal of inert construction and demolition materials in all demolition, foundation and building sites with weighbridge. We also conducted trial application of Radio Frequency Identification on major building services equipment, including water pump, switchboard, generator and lift. In the first half of 2014/15, we implemented Building Information Modelling (BIM) in 19 active projects in the design, construction and near completion stages. We prepared and published our BIM Project Execution Guide in the second quarter of 2014, and developed more building component details for our BIM component libraries. In addition, preparation of BIM models of modular flats for use as virtual show flats in the sale of HOS flats was underway as at end-September 2014.
- 3.26 In respect of funds management, we conducted the annual health check on the HA's Strategic Asset Allocation. After taking into account the advice of the Funds Management Sub-committee, we reported the findings and recommendations to the Finance Committee in July 2014. We have been taking actions in accordance with the Funds Management Sub-committee's advice to implement the recommendations as approved by the Finance Committee.
- 3.27 We had completed the third PRH rent review exercise. On 4 July 2014, the Subsidised Housing Committee endorsed the report of the Commissioner for Census and Statistics, which showed that the income index of the second period (2013) was higher than that for the first period (2011) by 19.27%. In accordance with section 16A of the Housing Ordinance, the PRH rent was adjusted upward by 10% with effect from 1

September 2014.

Enhancing the Attractiveness of Commercial Properties

- 3.28 In order to develop the potential of the HA's commercial properties and improve the business environment, we consolidated the five-year rolling programme for asset enhancement for 2015/16 to 2019/20. We would keep the programme under continuous review in regard of the declining stock available for enhancement and the general improvement of business performance. For projects already earmarked for asset enhancement, improvement works on retail facilities in On Kay and Lung Poon Courts as well as Ping Shek and Kwai Shing West Estates were either been completed or were in progress as at the end of September 2014. Upon completion, we would conduct financial re-assessment to review the effectiveness of major asset enhancement works. During the first half of 2014/15, we had continued to adopt a more diversified and flexible leasing strategy to enhance the attractiveness of commercial premises. Through implementing asset enhancement, conducting appropriate conversion initiatives and promoting effective tenant mix management, we have further optimized the business potential of retail facilities. The vacancy rates were well within the targets for 2014/15.
- 3.29 To support the environmental campaigns launched by the Government, we joined the Energy Saving Charter to reduce electricity consumption for air-conditioning in our shopping centres. The indoor temperature has been maintained at 24 to 26°C. Furthermore, we have also encouraged major shop tenants in newly built shopping centres to adopt the food waste reduction management practice through the property management services agents.
- 3.30 Domain, positioned as a regional shopping mall, was still our focus of patronage. Apart from organizing festive events during major festivals, tailor-made promotion activities with special events such as car show, career expo, Samba Carnival and publicity programmes had been launched to sustain its popularity and broaden the spectrum of customers. We also lined up shop tenants to offer promotion packages to attract new customers and encourage repeated purchases. With the sense of loyalty and prestige of its members, Domain Club had so far recruited around 15 000 members by the end of September 2014. To further enhance its business growth, we worked with our strategic management services consultant to review the leasing strategy cum tenant and trade mix of Domain. In regard of setting benchmarks for performance monitoring, we commissioned a consultant to kick off the mystery shopping exercise

for Domain's tenants, with the ultimate aim of promoting delivery of high quality service to our shoppers.