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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 and a transit centre to provide temporary accommodation to families facing short-term difficulties in finding suitable accommodation. To address the aspiration of lower to middle-income families for home ownership, the HA has provided Home Ownership Scheme (HOS) flats.
- 1.2 As at September 2014^[1], the HA had a stock of 749 400 PRH / interim housing flats, accommodating 2 022 000 persons, or 28% of Hong Kong's total population.
- 1.3 As at December 2014, 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 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.

Note [1]: Unless otherwise stated, all figures quoted in this Corporate Plan refer to position as at 30 September 2014.

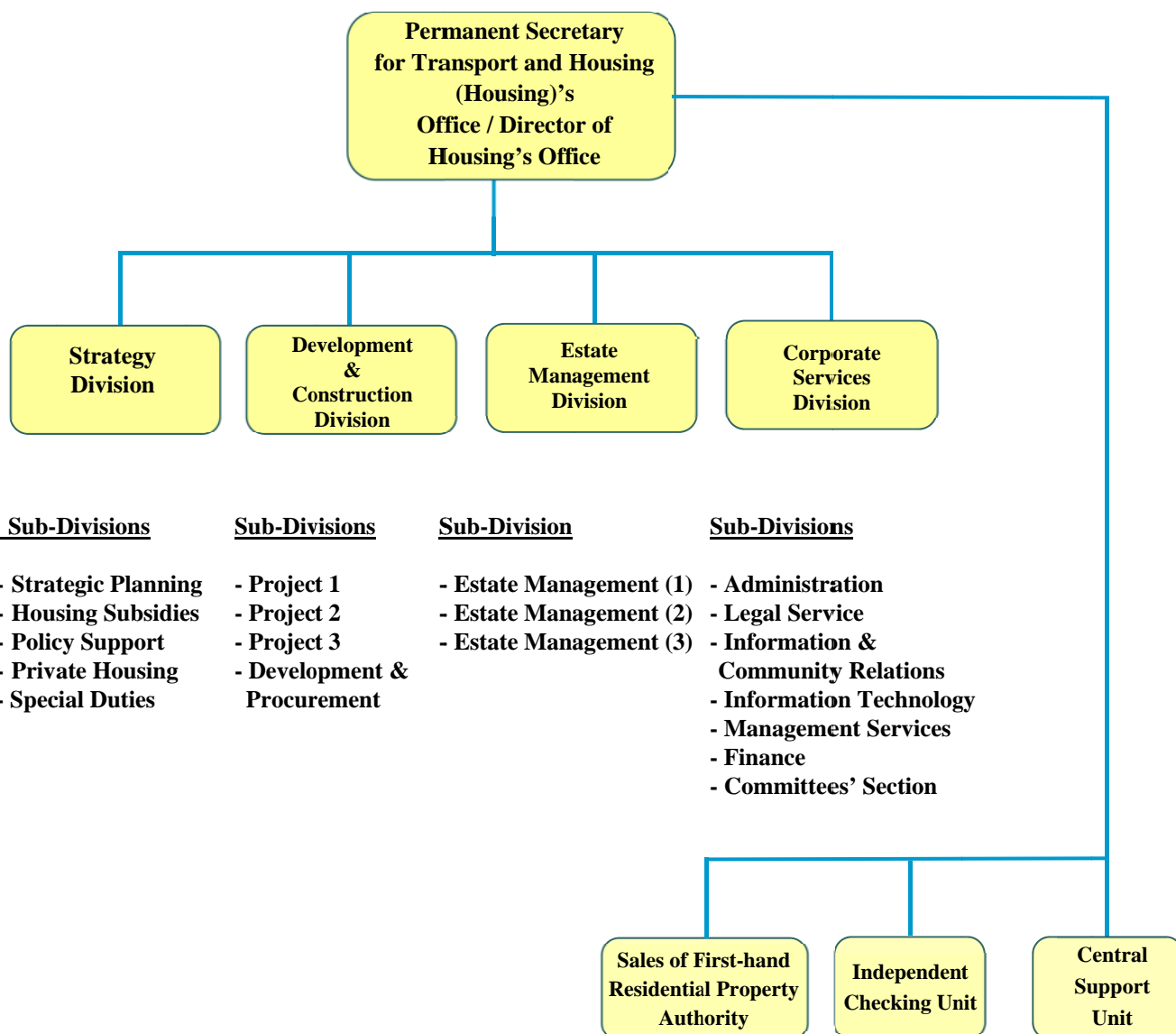
Organization of the Housing Authority



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 2014, the HD had a strength of 8 927 staff, of which 8 233 were civil servants and 694 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 the target of maintaining the average waiting time (AWT)^[2] at around three years for general applicants^[3], and meeting the home ownership aspirations of the lower 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 one of the major concerns for the community and the HA is the major provider of public housing in Hong Kong. The 2015/16 Corporate Plan (CP) is the platform through which the HA will direct its work and concentrate its efforts in face of multiple challenges as set out below.
- 2.3 The Government and the HA's key objective is to provide PRH to those low-income families who cannot afford private rental accommodation, with the target to maintain the AWT for general applicants at about three years. On this, the HA is faced with a soaring number of applicants for PRH. As at end-September 2014, there were about 130 200 general applications and about 133 600 non-elderly one-person applicants under the Quota and Points System. The AWT for general applicants stood at 3.1 years as at end-September 2014^[4].

Note [2] : Waiting time refers to the time taken between registration for PRH 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 those general applicants who were housed to PRH in the past 12 months.

Note [3] : Refer to family and elderly on-person applicants.

Note [4] : The AWT target for general applicants does not apply to non-elderly one-person applicants under the Quota and Points System.

- 2.4 The HA will strive to maintain the AWT target for PRH general applicants at about three years, despite the possibility of occasional departure from the target. It has been closely monitoring the number of PRH applications and, where possible, expediting the development and construction of PRH flats. It will continue its efforts.
- 2.5 Apart from PRH, the HA is also tasked to provide HOS flats to address the home ownership aspirations of the lower to middle-income families. On the demand side, the Government has already implemented a series of demand management measures in light of the hikes in property prices. As for supply, the Government is leaving no stones unturned in identifying sites and streamlining procedures and processes for housing development. The HA is making good progress in constructing the first batch of 2 160 new HOS flats, which is expected to be completed in 2016/17. The pre-sale exercise for these HOS flats has already started at end of last year. The HA has also made a further effort by introducing an interim scheme in 2013, allowing 5 000 White Form buyers to purchase flats with premium not yet paid on the HOS Secondary Market, with the aim to addressing the home ownership aspirations of those with White Form status before the newly built HOS flats come on-stream.
- 2.6 A major development that will impact on the HA's work is the formulation of the Long Term Housing Strategy (LTHS) by the Government. To recap, the Government set up the LTHS Steering Committee in September 2012 to study and to consider recommendations in response to Hong Kong's housing problems and to map out a long term strategy in terms of housing. The Steering Committee issued a consultation document to set out its recommendations and commenced public consultation in September 2013 that ended in December 2013. Taking into account the public's views, the LTHS Steering Committee issued its report on public consultation in February 2014. The Government announced its LTHS in December 2014. The new LTHS has adopted a supply-led strategy to meet the Hong Kong's housing challenges. Specifically, the Government updated the long term housing supply target to 480 000 units for the ten year period from 2015/16 to 2024/25. Among them, the target for PRH is 200 000 flats while that for subsidised sale flats (mainly HOS flats) is 90 000 units. The HA is the major supplier of public housing in Hong Kong, and will gear up to meet this challenge. The HA also requires the community's support in making available land for housing development.

- 2.7 The recommendations of the LTHS Steering Committee in respect of the rationalization of the public housing resources have been passed to the HA for consideration. On this, the HA has already completed the review of the Quota and Points System and the new measures will be implemented in February 2015. The HA has also scrutinized the under-occupation policy and the next review of the policy will be due in 2016. As regards “Well-off Tenants Policies”, the HA has explored whether the policies should be refined and discussed various preliminary options. Since every option has its own merit and downside, no decision has been taken yet. Further studies based on the previous discussion will be conducted. Furthermore, the HA has considered the LTHS Steering Committee’s recommendations on HOS-related policies as well. With the announcement of the LTHS by the Government, the HA will take steps to assist in the implementation. This would form an important part of the work of the HA in 2015/16 and in the years beyond.
- 2.8 It should also be noted that Director of Audit issued his Report No. 61 on the allocation and utilization of PRH flats in October 2013 and Report 62 on the planning and construction side in April 2014. The Legislative Council’s Public Accounts Committee (PAC) examined the reports, and called on the HA to consider the recommendations of the Audit Commission and that of the PAC. On the PAC and Audit Commission’s recommendations regarding the optimization of PRH resources, the HA has considered them together with the LTHS Steering Committee’s recommendations.
- 2.9 Given the mounting challenges, the HA must ensure that it has the capacity to respond and to take forward its PRH and HOS programmes. The HA will continue to manage its funds prudently, make the best use of its human capital, deploy information technology and other technologies to adapt to the latest circumstances, and insist on achieving sustainability targets. In particular, the HA has started discussion with the Government on ways to ensure its long-term financial sustainability.
- 2.10 Overall, the HA faces major challenges from various fronts in the coming years. It needs to assist in implementing the LTHS, deliver the production targets and optimize the use of its existing housing stock, while at the same time enhance its capacity and ensure its sustainability. The 2015/16 CP sets out the plan on how the HA will tackle these challenges, in which focus areas and key activities would be set out. It will guide the HA’s efforts in 2015/16, and help the HA fulfill its vision and mission.

Strategic Objectives

2.11 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^[5].
- 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 address the aspiration of lower 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.

Note [5] : “Quality” PRH, 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 PRH 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.

2.12 To achieve the above strategic objectives, we have drawn up 44 key activities (KAs) under four main themes, and one KA for implementing the Government's LTHS for the 2015/16 CP, making a total of 45 KAs. Among these KAs, one is a new initiative while 44 are on-going initiatives. Details are set out in Chapter 4.

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.

4. MAIN THEMES AND KEY ACTIVITIES IN 2015/16

4.1 This chapter sets out the main themes and KAs of the HA in 2015/16.

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, the HA will continue to concentrate its efforts in 2015/16 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 initiative of implementing the Government's LTHS, we have devised 45 KAs for 2015/16. Details of the KAs are set out below.

Key Activities

New Initiative

Providing Quality Homes

Enhancing safety and health practices for planned maintenance and improvement works

1. To establish and maintain a structured Occupational Health and Safety Management System of planned maintenance and improvement works.

On-going Initiatives

Implementing the Government's LTHS

2. To implement the Government's LTHS.

Providing Quality Homes

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

3. 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.
4. To explore and implement initiatives to expedite construction of new works projects.
5. To develop a comprehensive range of modular flats for PRH and HOS to suit the diverse needs of the public.

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

6. To adopt environmentally responsive planning and design, and optimize greening in housing estates to promote a green and healthy environment.
7. To promote “green” procurement, including the use of “green” materials, construction methods and resource conservation technologies.
8. To promote energy conservation.

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

9. 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

10. 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

11. To implement maintenance and improvement programmes (including regular preventive repairs) and upgrading works to meet requirements of the legislation and other enhancement initiatives.
12. To review the enrollment of the HKQAA SBI for ten pilot estates.

Improving the environmental standards of PRH estates

13. To enhance environmental protection through the acquisition of ISO 50001 certification for EnMS 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.

Addressing the home ownership aspiration of the lower to middle-income families

14. To launch the sale of new HOS flats.
15. To implement one more round of the “Interim Scheme of Extending the HOS Secondary Market to White Form Buyers” before conducting a full review.

Promoting Sustainable Living

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

16. 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

17. 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.

18. 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

19. 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.

Maintaining estate cleanliness and environmental hygiene for healthy and harmonious living

20. To continue implementing the Marking Scheme for Estate Management Enforcement in PRH Estates.

Promoting greening in existing PRH estates

21. To enhance tree management and implement landscape improvement programmes.

Promoting understanding of the HA's work

22. 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

23. 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.

24. To promote staff awareness of environmental protection issues.
25. To promote staff awareness of and enhance their capacity to ensure occupational safety and health in the HA's workplace.
26. To join the Government's 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

27. 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

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

Safeguarding the rational and efficient use of public housing resources

31. 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

32. 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

33. To maintain the AWT for general applicants (i.e. family and elderly one-person applicants) at around three years.
34. To provide opportunities for transfer of sitting tenants through various transfer exercises.

Making the best use of human resources to meet corporate goals

35. To achieve a lean, flexible and dynamic organization with the capacity to respond to changes in service requirements.
36. To enhance staff engagement to nurture a committed and motivated workforce.
37. To enhance staff competencies to support business objectives and needs.

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

38. To enhance or upgrade IT systems to support the evolving business requirements, as well as improve the overall operational efficiency and IT security.

39. To review and 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.

Maintaining sound financial and funds management

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

Enhancing the Attractiveness of Commercial Properties

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

42. To review the progress of the five-year rolling programme for asset enhancement and continue to carry out improvement works according to the priorities set.

Maximizing the business potential of the HA's retail facilities and delivering quality services to meet the needs of public housing tenants and aspiration of our community

43. To enhance the leasing and promotion strategies for the HA's new and existing retail facilities.
44. To sustain the continual growth of Domain and reinforce its market positioning as a regional shopping centre, providing local and cross district shoppers with fresh and memorable shopping experience.

Encouraging environmental protection measures in the HA's commercial facilities

45. To advocate environmental awareness and encourage participation of shop tenants in environmental campaigns launched by the HA and the Government.

5. KEY PERFORMANCE INDICATORS

5.1 To help evaluate and monitor our performance in implementing the KAs, we have adopted 19 Key Performance Indicators (KPIs)^[6] for 2014/15. We have reviewed these KPIs and retained them in the 2015/16 CP. The past performance and the proposed targets of the KPIs are set out below –

KPI	2013/14 Target (Year-end performance as at 31 March 2014)	2014/15 Target (Mid-year performance as at 30 September 2014)	2015/16 Target
(1) No. of new PRH flats to be provided	14 100 ^[7] (14 100)	12 700 ^{[7][8]} (1 000)	23 200 ^{[7][9]}
(2) AWT for PRH applications (years)			
- General applicants ^[10]	3 (3.0)	3 (3.1)	3
Among which, Elderly one-person	2 (1.6)	2 (1.7)	2
(3) Annual average cost per PRH unit under the management of the HD (\$)			
- Direct management cost ^[11]	5,670 (5,133)	5,760 (5,258) ^[12]	5,890 ^[13]
- Actual maintenance cost ^[14]	3,840 (3,670)	4,070 (3,532) ^[15]	4,270 ^[16]

Note [6] : Applicable to both in-house services and services provided by property services agents/contractors.

Note [7] : Rounded to the nearest hundred.

Note [8] : Based on the Public Housing Construction Programme updated as at September 2014, we anticipate that 9 900 PRH flats, 23 400 m² GFA of retail facilities, and 330 car/lorry parking spaces will be completed in 2014/15, compared with the original target of 12 700 PRH flats, 23 400 m² GFA of retail facilities, and 400 parking spaces.

Note [9] : Including 4 200 flats and 60 car parking spaces deferred from 2014/15.

Note [10] : Refers to family and elderly one-person applicants.

Note [11] : The direct management cost comprises direct personal emoluments for property management only and other recurrent expenditure incurred at estate level.

Note [12] : The annualised year-to-date actual figure was below the target due to lower other recurrent expenditure.

Note [13] : The increase for 2015/16 is mainly due to the assumed price level adjustment of various operating expenditure items.

Note [14] : The actual maintenance cost comprises maintenance works incurred at estate level and the costs attributed to PRH maintenance allocated from indirect cost centres.

Note [15] : The annualised year-to-date actual figure was below the target due to the fact that the spending level was usually lower at the start of the financial year when compared with the average for the whole year.

Note [16] : The increase for 2015/16 is mainly due to the assumed price level adjustment.

KPI	2013/14 Target (Year-end performance as at 31 March 2014)	2014/15 Target (Mid-year performance as at 30 September 2014)	2015/16 Target
(4) Proportion of rent arrears ^[17] (%)			
- Domestic	below 3.0 (1.5)	below 3.0 (1.6) ^[18]	below 3.0
- Commercial Properties	below 3.0 (1.5)	below 2.5 (3.3) ^[19]	below 2.5
(5) Proportion of overcrowded families ^[20] against total PRH families (%)	below 0.55 (0.43)	below 0.55 (0.4)	below 0.55
(6) Vacancy rate (%)			
- PRH ^[21]	below 1.5 (0.5)	below 1.5 (0.5)	below 1.5
- Commercial Properties (shops)	below 4.0 (1.6)	below 3.0 (0.8)	below 2.5
(7) Average turnaround time for vacant flat refurbishment (days)	not exceeding 44 (43.1)	not exceeding 44 (41)	not exceeding 44
(8) Average development lead time for housing projects (months)	60 (58)	60 (59)	60
(9) Average number of defects per flat at handover	not exceeding 0.8 (less than 0.1)	not exceeding 0.7 (less than 0.1)	not exceeding 0.7

Note [17] : The proportion of rent arrears represents the cumulative rent in arrears over rent receivable for the month.

Note [18] : For domestic, rent for the month represents "Rent" as per tenancy agreement, i.e. before deduction of rates concession. If rates concession is excluded from rent, domestic rent arrears rate will be 1.86% for September 2014. Rates concession ceased on 30 September 2014.

Note [19] : The rent arrears rate ranged from 1.7% to 3.3% from April 2014 to September 2014 with an average rate at 2.3%.

Note [20] : Overcrowded families are families with living density below 5.5 m² internal floor area per person.

Note [21] : 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.

KPI	2013/14 Target (Year-end performance as at 31 March 2014)	2014/15 Target (Mid-year performance as at 30 September 2014)	2015/16 Target
(10) Accident rate in the HA construction sites ^[22] (No. of accidents per 1 000 workers)	not exceeding 12.0 (7.3) ^[23]	not exceeding 12.0 (6.8) ^[24]	not exceeding 12.0
(11) Media enquiries handled (%):			
- general enquiries (within 48 hours)	95 (100)	95 (100)	95 100
- enquiries requiring the collection of detailed information (within 10 days)	100 (100)	100 (100)	
(12) Training investment per staff member (\$)	2,000 (2,349)	2,000 (851)	2,000
(13) Overall evaluation of training course effectiveness (rating of very effective or above) (%)	85 (93)	85 (95)	85
(14) Paper consumption (reams) ^[25]	130 170 [3.5% lower than the consumption in 2007/08 and 0.5 % lower than 2012/13] (129 515) [4.0% lower than the consumption in 2007/08 and 1.0% lower than the target in 2012/13]	129 500 [4% lower than the consumption in 2007/08 and 0.5 % lower than 2013/14] (76 017) [i.e 59% of the target]	129 500 [4% lower than the consumption in 2007/08 ^[26] and no change to 2014/15]

Note [22] : The figure represented the accident rate of the HA new works construction sites. Reportable accident as defined under the Factories and Industrial Undertakings Ordinance (Cap. 59) 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 [23] : Based on the Labour Department's statistics for the fourth quarter of 2013.

Note [24] : Based on the Labour Department's statistical data up to the second quarter of 2014.

Note [25] : There are 500 pieces of paper in one ream.

Note [26] : 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 [28] below). We aim to maintain the 4% saving target in 2015/16.

KPI	2013/14 Target (Year-end performance as at 31 March 2014)	2014/15 Target (Mid-year performance as at 30 September 2014)	2015/16 Target
(15) Quantity of items collected from estates for recycling (tonnes)			
- Waste paper	not less than 23 000 (29 390)	not less than 25 000 (13 710)	not less than 28 000
- Aluminum cans	not less than 850 (1 360)	not less than 900 (680)	not less than 1 200
- Plastics bottles	not less than 1 350 (1 810)	not less than 1 480 (990)	not less than 1 600
(16) Water consumption in the HA Headquarters ^[27] (m ³)	14 670 [4% lower than the consumption in 2007/08 and no change to 2012/13] (11 404) [25.4% lower than the consumption in 2007/08 and 22.3% lower than the target in 2012/13]	14 220 [7% lower than the consumption in 2007/08 and 3% lower than 2013/14] (5 672) [i.e. 40% of the target]	13 910 [9% lower than the consumption in 2007/08 and 2% lower than 2014/15]
(17) Electricity consumption for office premises ^[28] (kWh)	36 610 000 [5% lower than the consumption in 2007/08 and 1% lower than 2012/13] (34 957 181) [9.3 % lower than the consumption in 2007/08 and 5.5% lower than the target in 2012/13]	36 610 000 [5% lower than the consumption in 2007/08 and no change to 2013/14] (20 850 390) [i.e. 57% of the target]	36 610 000 [5% lower than the consumption in 2007/08 and no change to 2014/15]

Note [27] : 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 [28] below). We target to achieve a further 2% reduction in the consumption target in 2015/16 compared with 2014/15 through regular inspection to minimize pipe bursting and leakage and promotion of water saving tips to raise staff's awareness.

Note [28] : 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 2015/16.

KPI	2013/14 Target (Year-end performance as at 31 March 2014)	2014/15 Target (Mid-year performance as at 30 September 2014)	2015/16 Target
(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 (25.1)	Not exceeding 27 (24.4)	Not exceeding 27
(19) Holding of bi-monthly EMAC meetings (number of meetings)	800 (859)	830 (439)	850

6. MAIN OPERATIONS OF THE HOUSING AUTHORITY

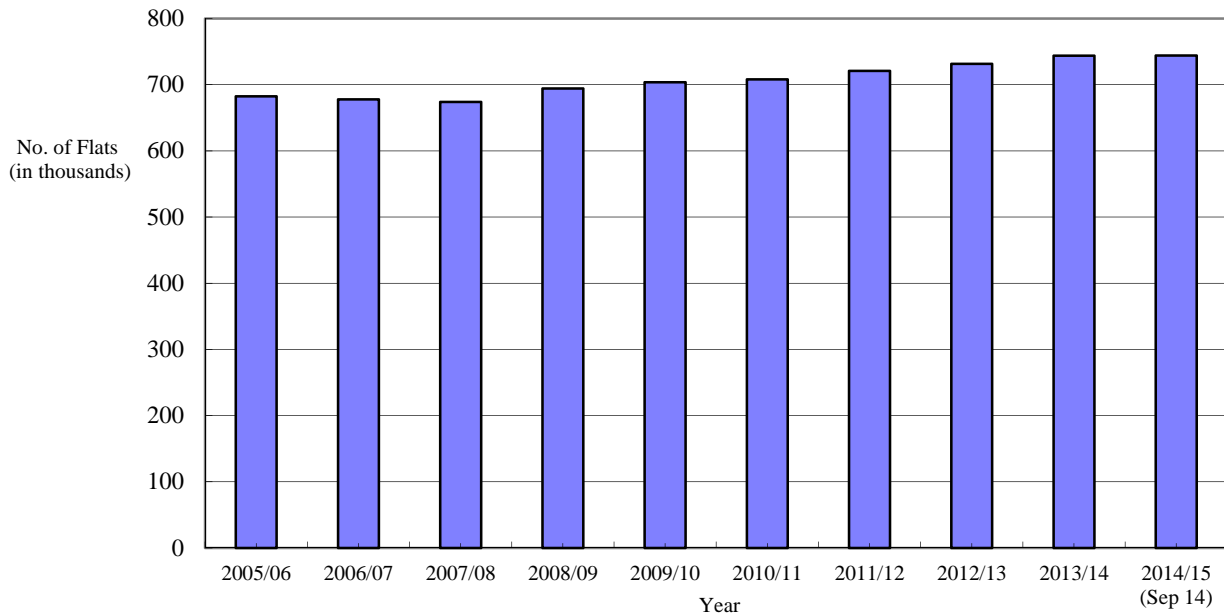
- 6.1 The operations and activities of the HA lie in five main areas, namely construction and building control, procurement, subsidised housing, commercial properties and corporate services. In the forthcoming year, different operations of the HA will gear their efforts and activities towards the four main themes for 2015/16.

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 Independent Checking Unit 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 (Cap. 123) 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 and its successors. The Independent Checking Unit 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. The Lift Inspection Focus Team is responsible for monitoring the use and operation of the HA's lifts and escalators for risk management and facilitating compliance with the Lifts and Escalators Ordinance (Cap. 618) which has come into effect on 17 December 2012.

6.3 The following chart shows the changes in PRH stock from 2005/06 to 2014/15 –

Stock of Public Rental Housing Flats^[29]



Budget

6.4 The construction expenditure for 2015/16 is budgeted at \$16,599 million, which is \$3,989 million higher than the 2014/15 Revised Budget expenditure of \$12,610 million. The higher construction expenditure is mainly due to more PRH and HOS flats under construction.

PROCUREMENT

6.5 The main operations of procurement are to secure competent and reliable business partners through equitable procurement principles^[30], achieving efficiency, effectiveness and value for money at all times.

Note [29]: The chart shows the PRH flat stocks from 2005/06 to 2014/15. The position from 2005/06 to 2013/14 is as at end-March of the respective years, while that for 2014/15 is as at end-September 2014.

Note [30]: The basis of HA's procurement principles are as follows -

- (a) Obtain Value for Money;
- (b) Incorporate Risk Management in a holistic manner;
- (c) Maintain a focus on continuous improvement at all levels;
- (d) Provide effective governance which is accountable and transparent;
- (e) Provide for open and fair competition in the market place; and
- (f) Procure in a fair, reasonable and ethical manner with due regard to probity.

Budget

- 6.6 The 2015/16 proposed expenditure budget of \$103 million for procurement is slightly higher than the 2014/15 Revised Budget of \$99 million by \$4 million. The increase is mainly due to the assumed pay adjustment and higher advertising expenditure, partly offset by a one-off expenditure for the store's renovation completed in 2014/15.

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 handling the existing and future HOS stock.

Budget

Rental Housing Operating Account

- 6.8 The income and expenditure of the Rental Housing Operating Account for 2015/16 are budgeted at \$15,476 million and \$16,473 million respectively. An operating deficit of \$997 million in 2015/16 is projected, as compared to the operating deficit of \$662 million in the 2014/15 Revised Budget. The higher operating deficit in 2015/16 is mainly due to (i) the assumed pay adjustment and (ii) the higher depreciation and other recurrent expenditure as a result of increase in housing stock and assumed price level adjustments, and (iii) partly offset by the full-year effect of the upward rent adjustment by 10% from September 2014.

Home Ownership Assistance Operating Account

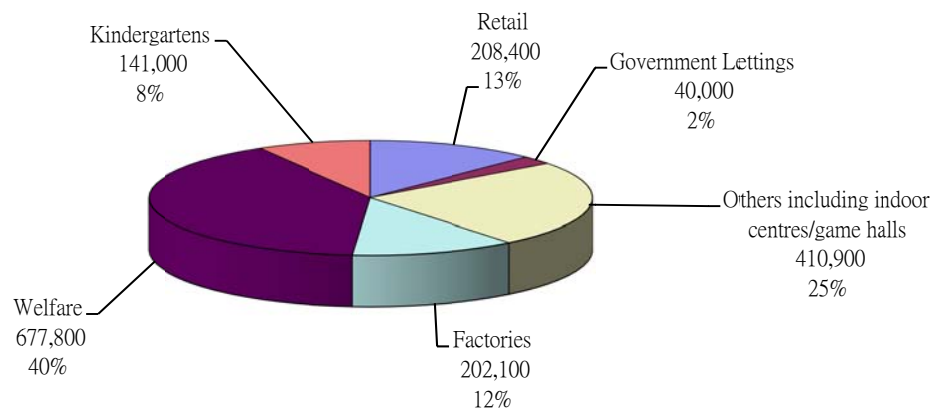
- 6.9 The income and expenditure of the Home Ownership Assistance Operating Account for 2015/16 are budgeted at \$2,597 million and \$733 million respectively. An operating surplus of \$1,864 million in 2015/16 is projected, as compared to the operating surplus of \$1,756 million in the 2014/15 Revised Budget. The higher operating surplus in 2015/16 is mainly due to the projected higher average selling price for Tenants Purchase Scheme flats to be sold.

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 2014, the HA ran approximately 1 680 200 m² internal floor area of commercial and other non-domestic properties (excluding schools) and 28 200 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 (internal floor area m²)
As at 30 September 2014
(Total Space 1,680,200 m²)**



Budget

6.12 The income and expenditure of the Commercial Operating Account for 2015/16 are budgeted at \$2,468 million and \$1,502 million respectively. An operating surplus (before exceptional items) of \$966 million in 2015/16 is projected, as compared to that of \$924 million in the 2014/15 Revised Budget. The increase in operating surplus in 2015/16 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 the 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 services.

Budget

6.14 The expenditure for 2015/16 Proposed Budget of \$851 million is higher than the 2014/15 Revised Budget of \$813 million by \$38 million. The increase of expenditure in 2015/16 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 5.4% of the total public expenditure in 2014/15. A summary of the income and expenditure items of the HA's Revised Budget for 2014/15 and Proposed Budget for 2015/16 is set out below –

	Revised Budget 2014/15 (\$M)	Proposed Budget 2015/16 (\$M)
Operating Income	18,564	20,542
Operating Expenditure	(16,595)	(18,801)
Special Items	7	23
Consolidated Operating Surplus	<u>1,976</u>	<u>1,764</u>
Capital Expenditure	13,490	17,835

CONSOLIDATED OPERATING ACCOUNT

- 7.3 The Consolidated Operating Account generates a surplus of \$1,764 million in the 2015/16 Proposed Budget, as compared to the 2014/15 Revised Budget surplus of \$1,976 million. The lower surplus is attributable to higher deficit in the Rental Housing Operating Account mainly due to higher operating costs as a result of increase in housing stock and assumed price level adjustments, which is partly offset by higher surplus in the Home Ownership Assistance Operating Account mainly due to the projected higher average selling price for TPS flats to be sold. A summary by business operation is set out below –

Summary of Operating Surplus/(Deficit)

	Revised Budget 2014/15 \$M	Proposed Budget 2015/16 \$M
Rental Housing	(662)	(997)
Commercial	875	874
Home Ownership Assistance	1,756	1,864
Special Items ^[31]	7	23
Consolidated Operating Surplus	<u>1,976</u>	<u>1,764</u>

CASH AND INVESTMENT BALANCE

7.4 The projected cash and investment balance at end-March 2015 and end-March 2016 are summarised below –

Summary of Cash Flow

	Revised Budget 2014/15 \$M	Proposed Budget 2015/16 \$M
Cash & Investment Balance at year-end	65,002	56,342

7.5 The cash and investment balance in 2015/16 Proposed Budget is projected to decrease to \$56,342M mainly due to (i) the increase in construction payments for PRH and the new HOS flats; and (ii) the higher spending in personal emoluments and other recurrent expenditure due to the assumed pay adjustment and price level adjustments in 2015/16.

Note [31]: The special items are mainly income from Urban Renewal Authority for the rental flats allocated to affected tenants.

CAPITAL EXPENDITURE

7.6 Capital expenditure in 2015/16 is budgeted at \$17,835 million. The details are summarised below –

Summary of Capital Expenditure

	Revised Budget 2014/15 (\$M)	Proposed Budget 2015/16 (\$M)
Construction Expenditure	10,555	14,271
Improvement Works	658	993
Computer Projects	153	174
Direct Costs and Overheads charged to Construction, Improvement Works and Computer/IT Projects	2,124	2,397
Total	13,490	17,835

7.7 As compared with the 2014/15 Revised Budget, the 2015/16 Proposed Budget for capital expenditure is projected to increase by \$4,345 million or 32%, mainly due to more PRH and HOS flats under construction.

LIST OF ABBREVIATIONS

AWT	average waiting time
BEAM Plus	Building Environment Assessment Method Plus
BIM	Building Information Modelling
CP	Corporate Plan
EMACs	Estate Management Advisory Committees
EnMS	Energy Management System
GFA	gross floor area
GGBS	Ground Granulated Blast-furnace Slag
HA	Housing Authority
HD	Housing Department
HKQAA	Hong Kong Quality Assurance Agency
HOS	Home Ownership Scheme
IT	information technology
KAs	key activities
KPI	key performance indicator
LTHS	Long Term Housing Strategy
NGOs	non-governmental organizations
PAC	Public Accounts Committee
PRH	public rental housing
RAS	Rent Assistance Scheme
SBI	Sustainable Building Index