

6. MAIN OPERATIONS OF THE HOUSING AUTHORITY

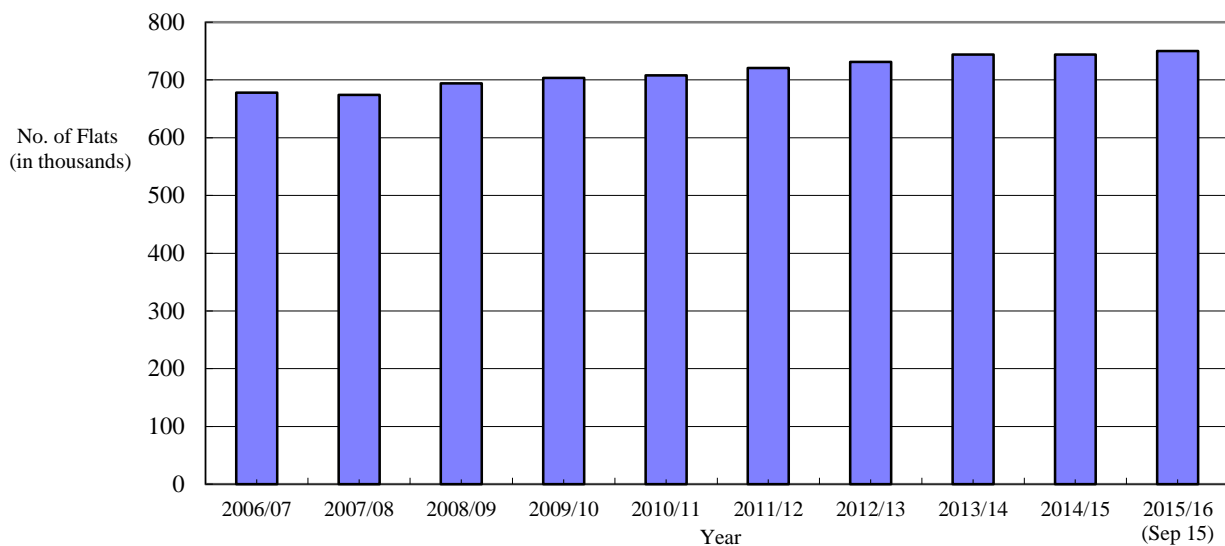
6.1 The operations and activities of HA lie in six main areas, namely development and construction, subsidised housing, commercial properties, building control, procurement, and corporate services. In the forthcoming year, different operations of HA will gear their efforts and activities towards the four main themes for 2016/17.

DEVELOPMENT AND CONSTRUCTION

6.2 The main functions of the development and construction operation are to plan, design and construct HA's PRH and subsidised sale flats developments as well as associated facilities.

6.3 The following chart shows the changes in PRH stock from 2006/07 to 2015/16 –

Stock of Public Rental Housing Flats^[37]



Note [37]: The chart shows the PRH flat stocks from 2006/07 to 2015/16. The position from 2006/07 to 2014/15 is as at end-March of the respective years, while that for 2015/16 is as at end-September 2015.

Budget

- 6.4 The construction expenditure for 2016/17 is budgeted at \$22,381 million, which is \$3,365 million higher than the 2015/16 Revised Budget expenditure of \$19,016 million. The higher construction expenditure is mainly due to more PRH and subsidised sale flats under construction.

SUBSIDISED HOUSING

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

Budget**Rental Housing Operating Account**

- 6.6 The income and expenditure of the Rental Housing Operating Account for 2016/17 are budgeted at \$15,780 million and \$17,248 million respectively. An operating deficit of \$1,468 million in 2016/17 is projected, as compared to the operating deficit of \$637 million in the 2015/16 Revised Budget. The higher operating deficit in 2016/17 is mainly due to (i) the higher maintenance and improvements expenditure, depreciation and other recurrent expenditure as a result of increase in housing stock and assumed price level adjustments; and (ii) the assumed pay adjustment.

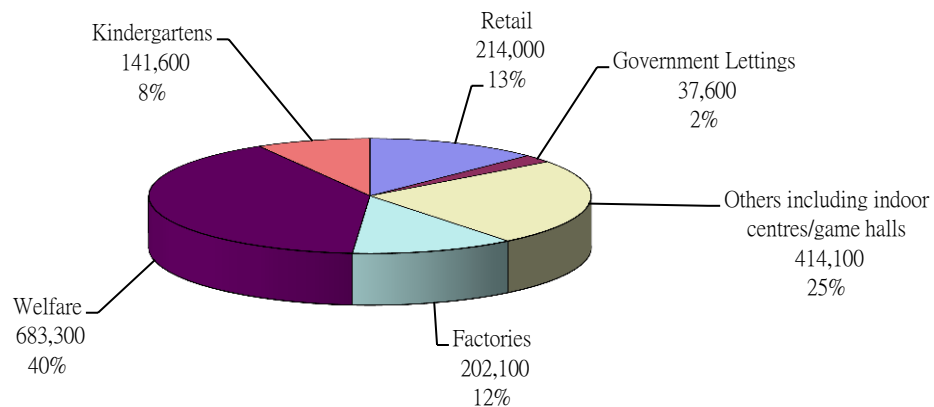
Home Ownership Assistance Operating Account

- 6.7 The income and expenditure of the Home Ownership Assistance Operating Account for 2016/17 are budgeted at \$3,329 million and \$751 million respectively. An operating surplus of \$2,578 million in 2016/17 is projected, as compared to the operating surplus of \$2,484 million in the 2015/16 Revised Budget. The higher operating surplus in 2016/17 is mainly due to the projected higher average selling price for Tenants Purchase Scheme flats to be sold and higher alienation premium in the year.

COMMERCIAL PROPERTIES

- 6.8 The main function of the commercial properties operation is to manage HA's commercial and non-domestic properties (including retail, Government lettings, welfare, kindergarten and flatted factories) as well as car parks.
- 6.9 As at 30 September 2015, HA ran approximately 1 692 700 m² internal floor area of commercial and other non-domestic properties (excluding schools) and 28 600 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 (internal floor area m²)
As at 30 September 2015
(Total Space 1 692 700 m²)**



Budget

- 6.10 The income and expenditure of the Commercial Operating Account for 2016/17 are budgeted at \$2,746 million and \$1,538 million respectively. An operating surplus (before exceptional items) of \$1,208 million in 2016/17 is projected, as compared to that of \$1,105 million in the 2015/16 Revised Budget. The increase in operating surplus in 2016/17 is mainly due to the planned addition of some newly completed premises and projected income growth of the premises in the year.

BUILDING CONTROL

- 6.11 The Independent Checking Unit (ICU) established directly under the Office of the Permanent Secretary for Transport and Housing (Housing) is responsible for implementing building control functions on HA's new housing development projects and existing buildings developed by HA as an independent party. ICU exercises dual control functions including the statutory building control to buildings subject to the Building Ordinance (Cap. 123) under the delegated authority from the Director of Buildings as well as the administrative building control to buildings and works not subject to the Buildings Ordinance by way of HA's administrative arrangements. ICU's statutory control function is funded by the Government, whilst its administrative control function is funded by HA. Under its administrative building control function, ICU processes submissions of building works for new housing development, submissions of alteration and addition works in existing buildings and building advices to referrals from the Licensing Authorities within the pledge periods.
- 6.12 The Lift Inspection Focus Team is responsible for monitoring the use and operation of HA's lifts and escalators for risk management and facilitating the compliance with the Lifts and Escalators Ordinance (Cap. 618).

Budget

- 6.13 The 2016/17 Proposed Budget of \$198 million for Building Control is close to the 2015/16 Revised Budget of \$196 million.

PROCUREMENT

- 6.14 The main operations of procurement are to secure competent and reliable business partners through equitable procurement principles^[38], achieving efficiency, effectiveness and value for money at all times.

Note [38] : 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

6.15 The 2016/17 proposed expenditure budget of \$111 million for procurement is slightly higher than the 2015/16 Revised Budget of \$107 million by \$4 million. The increase is mainly due to the assumed pay adjustment.

CORPORATE SERVICES

6.16 Corporate services operation comprises a wide range of supporting services that facilitate the efficient operation of HA. These include general administration, human resources management, finance and accounting services, IT, information and community relations, legal advice services and management consultancy services.

Budget

6.17 The expenditure for 2016/17 Proposed Budget of \$892 million is higher than the 2015/16 Revised Budget of \$808 million by \$84 million. The increase of expenditure in 2016/17 is mainly due to the assumed pay adjustment, the higher other recurrent expenditure, and rescheduling of some IT projects from 2015/16 to 2016/17 for computer capital expenditure.