



**Hong Kong Housing Authority**

# **Corporate Plan**

**2016/17**

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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 low to middle-income families for home ownership, HA also provides subsidised sale flats, primarily Home Ownership Scheme (HOS) flats.
- 1.2 As at September 2015<sup>[1]</sup>, HA had a stock of 756 000 PRH / interim housing flats, accommodating 2 065 500 persons, or 29% of Hong Kong's total population.
- 1.3 As at December 2015, the membership of HA comprised 27 non-official members and four official members. Appointments are made by the Chief Executive. To help forge closer collaboration between 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 HA.
- 1.4 Six standing committees together with a number of sub-committees have been formed under HA to formulate and oversee policies in specified areas.

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Note [1]: Unless otherwise stated, all figures quoted in this Corporate Plan refer to position as at 30 September 2015.

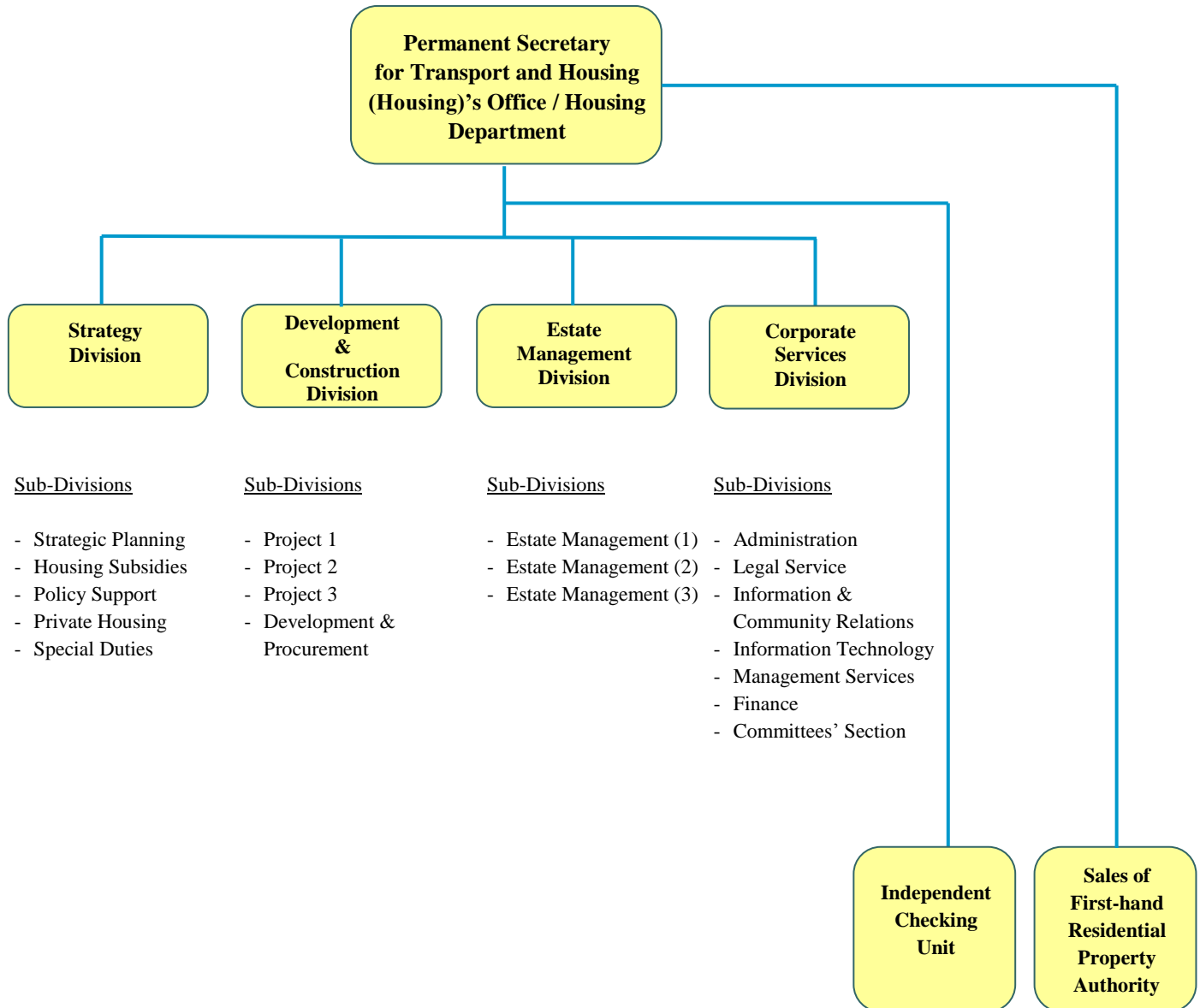
## Organisation of the Housing Authority



## Housing Department

- 1.5 The Housing Department (HD) acts as the executive arm of HA to implement its policies and those set by its standing committees. 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 2015, HD had a strength of 9 074 staff, of which 8 393 were civil servants and 681 were contract staff.

## Organisation of the Housing Department



## 2. CORPORATE STRATEGIES

2.1 The core function of HA is to assist low-income families who cannot afford private rental accommodation through the provision of PRH flats, with the target of providing the first flat offer to general applicants<sup>[2]</sup> at around three years on average in the long run, and meeting the home ownership aspirations of the low to middle-income families by building subsidised sale flats.

### Strategic Objectives

2.2 Having regard to HA's latest work priorities and initiatives, we have developed the following strategic objectives –

- To facilitate the cost-effective provision of quality PRH<sup>[3]</sup>.
- To maximise 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 low to middle-income families for home ownership by planning for a sustainable HOS programme.
- To manage and maintain our assets with a view to maximising their economic life and contribution.

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Note [2] : Refer to family and elderly one-person applicants.

Note [3] : "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 minimise the burden on the environment; and the procurement of value-for-money and durable construction materials, coupled with comprehensive maintenance services, to maintain a decent living environment for the residents.



- To 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 optimise the use of commercial properties.

2.3 To achieve the above strategic objectives, we have drawn up 50 key activities (KAs) under four main themes for the 2016/17 Corporate Plan (CP). Among these KAs, three are new initiatives while 47 are on-going initiatives. Details are set out in Chapter 4.

# 3. MID-YEAR PERFORMANCE REVIEW OF THE 2015/16 CORPORATE PLAN

3.1 The 2015/16 CP contained 45 KAs, one of which is a new initiative while the other 44 are on-going initiatives. As at 30 September 2015, one KA was completed while 44 KAs were on schedule, on-going or partially completed. The progress is highlighted below.

## Provision of Public Housing

3.2 The goal for 2015/16 is to construct 23 200 PRH units, 8 200 m<sup>2</sup> gross floor area (GFA) of retail facilities and 860 car/lorry parking spaces. As at 30 September 2015, the construction of about 2 300 PRH units was completed. Construction of the remaining domestic units and facilities was 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 continued to implement 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, standardising falsework details, etc. To address the issue of shortage of labour in the building industry, we continued to implement the streamlined Supplementary Labour Scheme to HA new works contracts, and were successful in two applications in the first half of 2015/16.

3.3 Up to 30 September 2015, 9 180 PRH units were allocated to PRH applicants. The average waiting time (AWT)<sup>[4]</sup> was 3.6 years for

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Note [4]: 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 (i.e. family and elderly one-person applicants) refers to the average of the waiting time of those general applicants who were housed to PRH in the past 12 months.

general applicants (i.e. family and elderly one-person applicants) as at 30 September 2015, among which the AWT for elderly one-person applicants was 2.0 years.

### **Implementing the Government's Long Term Housing Strategy (LTHS)**

- 3.4 In December 2014, the Government promulgated the LTHS with a supply-led strategy to address the housing problem. HA has been taking forward public housing initiatives under the LTHS, including constructing more PRH and HOS units, ensuring rational use of PRH resources, facilitating circulation of existing stock of subsidised sale flats and expanding forms of subsidised home ownership.
- 3.5 In line with the framework of the LTHS to expand the forms of subsidised home ownership and to further improve the housing ladder, the Chief Executive in his 2015 Policy Address proposed to HA that suitable flats among its PRH developments under construction be identified for sale to eligible green form applicants in the form of a pilot scheme, with prices set at a level lower than those of the HOS. Relevant implementation details of the “Green Form Subsidised Home Ownership Pilot Scheme” were endorsed by the Subsidised Housing Committee of HA in May 2015, and the San Po Kong PRH development project was selected as the site for the pilot scheme. Pre-sale is expected to be launched in the second half of 2016, and the project is scheduled for completion in mid-2017. HA will closely monitor the effect of the pilot scheme to facilitate review.

### **Providing Quality Homes**

- 3.6 We strive to optimise site potential and maximise 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, utilise plot ratio and maximise 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 optimising the development potential.
- 3.7 Excess lead was found in fresh water of Kai Ching Estate in July 2015, and subsequently in 10 other public housing estates. Soldering material in pipe joints was the source of lead. In the wake of the incident, we

immediately formulated improvement measures to safeguard the quality of fresh water inside service. These include enhancements to our specification and site inspection procedures. We will continuously explore and implement further enhancements as the needs arise subject to the recommendations of HA's Review Committee on Quality Assurance Issues Relating to Fresh Water Supply of Public Housing Estates.

- 3.8 To promote a green and healthy environment, as well as to gain GFA concessions for some projects, we continued to register new works projects with the Hong Kong Green Building Council (HKGBC) for assessment and rating under the Building Environment Assessment Method Plus (BEAM Plus) Scheme<sup>[5]</sup>. In the first half of 2015/16, we completed the Provisional Assessment for two new works projects. 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.
- 3.9 We continued to adopt environmentally responsive planning and design. In the first half of 2015/16, we conducted "micro-climate" studies in 35 on-going projects and Air Ventilation Assessment in the planning and design stages of 23 on-going projects. To mitigate noise, we used acoustic windows, balconies, fins and noise barriers in suitable projects in accordance with site-specific characteristics. Furthermore, we continued to apply Carbon Emission Estimation at the design stage of seven new development projects.
- 3.10 To promote "green" construction, we continued using precast elements in permanent works and timber from sustainable sources for temporary works during construction; specifying the use of Ground Granulated Blast-furnace Slag in building contracts to replace 35% of the cement in concrete for precast facades in all new projects; as well as exploring the use of Ground Granulated Blast-furnace Slag in more precast components, such as precast semi-slabs, precast beams, precast staircases, and precast refuse chutes.

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Note [5]: BEAM Plus is a comprehensive environmental assessment scheme for buildings recognised by HKGBC. The BEAM Plus assessment scheme includes the six aspects of a project (i.e. Site Aspects, Energy Use, Indoor Environmental Quality, Materials Aspect, Water Use, Innovations and Additions). A rating would be issued to the project according to the scoring after the assessment.

- 3.11 To enhance safety and health practices for planned maintenance and improvement works, we obtained and kept maintaining OHSAS 18001<sup>[6]</sup> certification for Occupational Health and Safety Management System of planned maintenance and improvement works.
- 3.12 For improving environmental protection in existing PRH estates, we acquired the ISO 50001<sup>[7]</sup> certification for Energy Management System in 540 PRH blocks in April 2015. For enhancing energy efficiency and effectiveness, we have started a programme in April 2012 in which electromagnetic ballasts for light fittings in all estates would be replaced with electronic ballasts in 42 months. We completed the programme with replacement works done in the remaining 140 PRH blocks during the first half of 2015/16.
- 3.13 With a view to maintaining building sustainability of the PRH, we implemented proactive improvement works programmes. For meeting the requirements under the Fire Safety (Buildings) Ordinance (Cap. 572), we scheduled a survey for improvement works to 30 PRH estates. The appointed consultant has completed survey for 19 estates as at 30 September 2015. In addition, we have implemented the Laundry Rack Enhancement Programme for replacing laundry pole holders for 140 000 PRH units. We also completed replacement of 52 old lifts under the Lift Modernisation Programme with the target completion of replacing 94 old lifts in the year. The replacement works of the remaining 42 old lifts were in progress.
- 3.14 We endeavour to improve building safety in aged PRH estates. We continued implementation of the Total Maintenance Scheme, Estate Improvement Programme, Comprehensive Structural Investigation Programme and Responsive In-flat Maintenance Services. As at 30 September 2015, we have commenced the Total Maintenance Scheme in nine estates, including implementation of Mandatory Window Inspection Scheme in two estates. Moreover, we conducted the

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Note [6] : OHSAS 18001 is an internationally recognisable occupational health and safety management system standard which is certifiable. OHSAS 18001 takes a structured approach to occupational health and safety management with process model consisting of elements including planning, implementation, checking, and continual improvement.

Note [7] : ISO 50001 is an international standard which aims to enable organisations to establish an energy management system and process to improve energy performance (including energy efficiency, use and consumption) which would lead to reduction of green-house gas emissions.

Comprehensive Structural Investigation Programme for estates of around 40 years of age to ascertain the structural safety as scheduled. We also implemented the Responsive In-flat Maintenance Services in 214 PRH estates.

- 3.15 To address the home ownership aspiration of low to middle-income families, a new round of Interim Scheme of Extending the HOS Secondary Market to White Form Buyers was launched on 26 August 2015. Preparation work for sale of the second batch of new HOS flats was also in progress.

### **Promoting Sustainable Living**

- 3.16 We widely publicised the Rent Assistance Scheme through HA channel, radio broadcast, posters, HA / HD website, Estate Management Advisory Committee (EMAC) meetings and the estate newsletters issued in May 2015. Estate staff also solicited assistance from non-governmental organisations (NGOs), local District Councils and EMACs to refer tenants in need to the estate office for rent assistance.
- 3.17 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. We also conducted surveys to gauge the residents' views in two newly completed estates. At mid-year, we recorded an overall Customer Satisfaction Index of 93% for newly completed estates.
- 3.18 To promote green environment and greening in existing PRH estates, we organised tree planting day activities in ten estates and completed landscape improvement works in eight estates. The landscape improvement works of the remaining 12 estates were under planning or in progress. Moreover, we organised two refresher / training courses for Estate Tree Ambassadors. We also completed the annual tree risk assessment exercise and updated the tree database records for effective tree management. Furthermore, we have held greening activities for

community participation in five estates with target completion of the other 15 estates in the year. In Phase 8 of the “Green Delight in Estates” programme<sup>[8]</sup> ended in the third quarter of 2015, we organised the estate-wide campaign “All About Waste” in which we held a photographic competition on waste reduction. We also held in-depth educational programmes on waste reduction and recycling in 30 estates. A total of about 4 400 volunteers were recruited as Green Estate Ambassadors. With Phase 8 coming to an end, we commenced Phase 9, continuing our partnership with green groups to raise environmental awareness. In addition, we arranged a pilot trial and achieved the Platinum Rating of Provisional Assessment under the BEAM Plus Existing Buildings in June 2014. Final Assessment was submitted in March 2015.

- 3.19 To secure competent and reliable business partners, we strive to improve our procurement practices and to raise service standards, by implementing tendering scoring measures and ensuring a competent workforce. We continued to employ a two-envelope tendering system for complex building and piling contracts. Moreover, we have been applying the Performance Assessment Scoring System to our various contracts and implementing the Preferential Tender Award System for District Term Contracts. We also continued to require every works contractor to apply for admission to or retention on HA Lists of Works Contractors to submit a statutory declaration to the effect that –
- (a) the Company was not insolvent or had not been wound up or dissolved;
  - (b) no winding-up petition or order had been made against the Company;
  - (c) no receiver had been appointed to realise or take control of the Company’s assets or business; and
  - (d) the Company had not received any demand letter or notice for payment of debt before a winding-up petition would be made against the Company.

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Note [8]: “Green Delight in Estates” programme is a community environmental education programme organised by HA in partnership with green groups to raise environmental awareness among PRH residents and to instill a culture of protecting and improving the environment.

- 3.20 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.
- 3.21 We 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 also continued to conduct safety training, forum and seminars, and issue circulars regularly to engage stakeholders and promote the best safety practices. Our relentless efforts resulted in a low accident rate of 7.3 and 2.3 per 1 000 workers for New Works contracts and Maintenance contracts respectively up to the second quarter of 2015. To further enhance the effectiveness of our safety and health management at construction sites, we were in the process of developing the web-based Occupational Injury and Disease Surveillance System and were conducting user acceptance tests for parts of the system with the aim of launching the system in early 2016.

### **Optimising and Rationalising the Use of Public Resources**

- 3.22 Intensive checking of some 5 000 income and assets declarations and rigorous investigation of some 6 000 randomly selected occupancy-related and suspected tenancy abuse cases by HD's Public Housing Resources Management Sub-section was in progress. Apart from intensified investigation measures, we launched various publicity and outreaching activities to enhance public awareness of the need to provide PRH flats to those with the most pressing needs.
- 3.23 To ensure the effective management of service providers, HD's Contractors Review Committee (Services) reviewed the performance of service contractors on quarterly basis. Under the current assessment mechanism, service contractors given "Adverse" reports on performance would be placed under "Restriction from Tendering" for a three-month period or barred from at least one service tender. We also maintained close liaison with labour unions and conducted surprise checks to prevent



exploitation of non-skilled workers. Meanwhile, a seminar with the Labour Department and Independent Commission Against Corruption was arranged to increase non-skilled workers' awareness of the Minimum Wage Ordinance (Cap. 608), Employees' Compensation Ordinance (Cap. 282) and other employment-related rights, as well as the Prevention of Bribery Ordinance (Cap. 201).

- 3.24 With a view to revitalising aged PRH estates and reviewing the site development potential for optimisation, we have continued to carry out detailed studies for the redevelopment of individual aged estates by considering the structural conditions and economic viability of repair works, build-back potential and availability of adequate and suitable rehousing resources on an estate-by-estate basis.
- 3.25 We have continued to benchmark the average construction cost of HA's residential buildings against those in the private sector. We closely monitored the construction cost per flat in PRH and subsidised sale flats developments against the respective alert levels at feasibility study stage in order to achieve cost effectiveness. For projects with construction cost per flat exceeding the alert level, HA's Strategic Planning Committee will consider factors contributing to the higher unit cost and make a conscious decision of whether to include the sites in HA's Public Housing Construction Programme.
- 3.26 For the implementation of the new public housing production target, we created a total of 616 additional civil service posts, comprising 194, 133, 135 and 154 posts in 2012/13, 2013/14, 2014/15 and 2015/16 respectively. We will continue to seek additional staffing resources as appropriate to cope with the growing workload arising from the increase in public housing production target and other housing initiatives.
- 3.27 To implement the Long-term Manpower Strategy of HA, we converted a total of 499 HA contract posts in grades to be staffed by civil servants in the long run into civil service posts by end 2014/15. In 2015/16, we have secured 38 additional civil service post quotas for conversion purpose. Given that the same number of HA contract posts will be deleted to offset the creation of corresponding civil service posts, there is no change in the overall establishment of HD. We will continue to bid for civil service post quotas from the Government in the coming years.

- 3.28 On the IT front, we completed the migration of the existing Internet Services to the Public to the new e-Services platform in June 2015. We also completed the implementation of the new Human Resource Management System in August 2015. In addition, the upgrade of the aged network at the Data Centre to enhance the capacity in bandwidth, scalability, availability and maintainability of HA network was on schedule, targeted to complete by the first quarter of 2016.
- 3.29 We continued to apply the Radio Frequency Identification technology in both new works and maintenance and improvement works, including the delivery tracking of concrete cubes and selected building components, such as precast concrete facade, timber door, aluminium window and metal gateset, as well as monitoring the proper disposal of inert construction and demolition materials in all demolition, foundation and building sites with weighbridge. We were also exploring the application of the Radio Frequency Identification technology to track the delivery of steel bar samples. We continued to apply Building Information Modelling in all disciplines and aspects of planning, design and construction of new projects. We were using Building Information Modelling in more than 40 projects at various stages.
- 3.30 In respect of funds management, HD conducted an overall review on HA's Strategic Asset Allocation. After taking into account the advice of the Funds Management Sub-committee, the findings and recommendations were reported to the Finance Committee in May 2015. Actions were taken in accordance with the Funds Management Sub-committee's advice to implement the recommendations as approved by the Finance Committee.

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

- 3.31 During the first half of 2015/16, we continued to keep track with the market to enhance the trade mix and provision of retail service whenever opportunities arise. We accorded priority to address the basic daily needs of our residents through meticulous planning of leasing programme in the new shopping centres, such as Cheung Lung Lane and Hung Fuk Shopping Centre. Through the implementation of asset enhancement programme and promoting a more balanced mix of trade and tenants, we were able to maximise the utilisation of resources and achieve a low vacancy rate of 1.5% for retail facilities.

- 3.32 Under the five-year rolling programme for asset enhancement, we completed improvement works for retail facilities in Lung Poon Court while those in On Kay Commercial Centre and Kwai Shing West Estate were in good progress. We will conduct financial re-assessment and review the effectiveness of major enhancement works upon completion.
- 3.33 We continued to launch centrally planned promotion programmes of different types and scales in HA's neighbourhood shopping centres to maintain their attractiveness and competitiveness. Packaged seasonal decorations were also provided for these shopping centres to strengthen their shopping atmosphere and boost retail sales, while achieving economy of scale. In addition, we held a celebrating ceremony to mark the completion of the revitalisation programme for the retail facilities at Ping Shek Estate and to enhance its publicity and shopping ambience.
- 3.34 Domain, HA's largest integrated shopping mall located in Kowloon East District, has been attaining its popularity in terms of footfall and business turnover. We rolled out tailor-made promotion activities and special theme events continuously to strengthen Domain's market positioning and enhance its popularity. We also lined up NGOs and other institutions to arrange entertaining, cultural and environmental protection events in Domain for community building. Special redemption programmes for Domain Club members were arranged regularly to encourage repeated purchases. By end-September 2015, Domain Club had recruited a total of around 17 600 members. To further sustain its business growth, there had been improvement in tenants' profile, trade mix and sales revenue through implementing strategic leasing and tenancy renewal programme. Furthermore, we had regularly arranged short-term kiosk-lettings, roadshows and festive trade fairs to widen the offering of products and services for local and cross district shoppers, bringing them new and relaxing shopping experience.
- 3.35 To support green living and environmental protection, HA had joined the Energy Saving Charter to reduce the electricity consumption for air-conditioning in nine shopping centres<sup>[9]</sup> and had set timers for advertising panels and decorative lightings in various shopping centres to

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Note [9] : Nine shopping centres, i.e. Choi Tak, Hoi Lai, Kwai Chung, Lei Muk Shue, Mei Tin, On Kay, Tin Yan and Yau Lai Shopping Centres and Domain maintained an average indoor temperature between 24 °C to 26 °C in the summer months from June to September 2015.

reduce electricity consumption. Apart from collaborating with green groups and other NGOs to organise promotion activities in HA's shopping centres to promulgate the message of green living, we encouraged major tenants to participate in food waste reduction and food recycling activities organised by NGOs and Government departments from time to time.

## **4. MAIN THEMES AND KEY ACTIVITIES IN 2016/17**

4.1 This chapter sets out the main themes and KAs of HA in 2016/17.

### **Main Themes**

4.2 Taking into account HA's statutory objectives and functions, and the current main directions of HA's work, HA will continue to concentrate its efforts in 2016/17 under the following four main themes –

- (a) Providing Quality Homes;
- (b) Promoting Sustainable Living;
- (c) Optimising and Rationalising the Use of Public Resources; and
- (d) Enhancing the Attractiveness of Commercial Properties

Under these four main themes, we have drawn up 50 KAs for 2016/17. Details of the KAs are set out below.

## Key Activities

### New Initiatives

#### Providing Quality Homes

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

1. To explore and implement measures to assure proper use of materials on site to safeguard fresh water quality; review and enhance site inspection procedures in respect of assuring proper use of materials for all critical site works and installations for capital works new works projects.

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

2. To launch the sale of flats under the “Green Form Subsidised Home Ownership Pilot Scheme”, and to closely monitor the effect of the pilot scheme to facilitate review.

#### Optimising and Rationalising the Use of Public Resources

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

3. To implement a new automated document approval system to support the handling of collection, consolidation, review and approval of the External Document Impact Assessment<sup>[10]</sup> as well as approval of Quality Document for HD’s Estate Management Division.

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Note [10]: Impact assessment of documents received from external (i.e. mainly from other government departments and statutory, mandatory or advisory in nature) on the Estate Management Division's current procedures and practices.

## **On-going Initiatives**

### **Providing Quality Homes**

*Identifying sites suitable for development, monitoring their timely availability for construction, optimising site development potential and maximising supply of domestic flats, and managing external risks affecting the progress of construction works*

4. 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 optimise the development potential of the sites and maximise the supply of domestic flats.
5. To monitor town planning and associated processes affecting housing development, and mitigate any adverse impact on site availability for construction.
6. To monitor public objections to housing development, take measures to avoid interruption to site works and mitigate any effect on progress.
7. To explore and implement initiatives to expedite construction of new works projects.
8. To develop a comprehensive range of modular flats for PRH and subsidised sale flats 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*

9. To adopt environmentally responsive planning and design, and optimise greening in housing estates to promote a green and healthy environment.

10. To promote and streamline “green” procurement, including the use of “green” materials, “green” construction methods, resource conservation technologies, and the simultaneous and integrated application of different environment-friendly material labelling schemes.
11. To promote energy conservation.

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

12. To improve building standards, quality and productivity in construction by conducting research on building design and construction, implementing 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***

13. To implement building control in the design, construction and post-occupation stages for the buildings developed by HA, as well as monitor the use and operation of the lifts and escalators managed by HA.

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

14. To explore enrollment to the Hong Kong Quality Assurance Agency Corporate Social Responsibility Index Plus<sup>[11]</sup> for measuring the social responsibility and sustainability performance of existing PRH.

***Enhancing safety and health practices for planned maintenance and improvement works***

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

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Note [11]: The Hong Kong Quality Assurance Agency Corporate Social Responsibility Index Plus, designed with reference to the international standard ISO 26000, is a comprehensive framework used to assess the implementation and maturity status of an organisation’s social responsibility undertaking and contribution.



***Maintaining a sustainable PRH stock through proactive improvement work programmes and a verification system***

16. To implement maintenance and improvement programmes (including regular preventive repairs) and upgrading works to enhance existing PRH stock and to meet statutory requirements.

***Improving the environmental standards of PRH estates***

17. To enhance environmental protection through the acquisition of ISO 50001 certification for Energy Management System and ISO 14001<sup>[12]</sup> 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 low to middle-income families***

18. To launch the sale of new HOS flats.
19. To continue implementing the new round of the Interim Scheme to Extend 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***

20. 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.

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Note [12]: ISO 14001 is an international standard which specifies the requirements for an environmental management system to enable an organisation to identify its environmental policy and objectives, to manage the risk of environmental impact from its activities and to improve its environmental performance continually.

***Enhancing community engagement throughout the delivery of development projects and promoting partnering with business partners***

21. 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.
22. 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***

23. 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***

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

***Promoting greening in existing PRH estates***

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

***Promoting understanding of HA's work***

26. To build a proactive and caring corporate image of 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 HA's workplace***

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

29. To promote staff awareness of and enhance their capacity to ensure occupational safety and health in HA's workplace.
30. To join the Government carbon audit campaign and monitor carbon emission in HA's buildings and workplace.

## **Optimising and Rationalising the Use of Public Resources**

### ***Maintaining a healthy procurement environment and enhancing value-for-money through procurement practices***

31. 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***

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

### ***Safeguarding the rational and efficient use of public housing resources***

35. 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***

36. 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.

***Maximising the rational allocation of PRH with a view to providing housing to applicants with genuine housing needs***

37. To provide PRH to low-income families who cannot afford private rental accommodation. While the latest AWT for general applicants exceeds three years, we will strive to achieve the target of providing the first flat offer to general applicants at around three years on average in the long run.
38. To provide opportunities for transfer of sitting tenants through various transfer exercises.

***Conducting the biennial PRH rent review***

39. To conduct the biennial PRH rent review.

***Making the best use of human resources to meet corporate goals***

40. To achieve a lean, flexible and dynamic organisation with the capacity to respond to changes in service requirements.
41. To enhance staff engagement to nurture a committed and motivated workforce.
42. To enhance staff competencies to support business objectives and needs.

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

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

44. To review and implement the IT programmes set out in the IT Strategy formulated in early 2012 to meet HA's business needs in the coming years.

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

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

**Enhancing the Attractiveness of Commercial Properties**

***Enhancing the potential of HA's commercial properties and improving business environment***

47. To continue reviewing the five-year rolling programme for asset enhancement, identifying new enhancement opportunities and carrying out improvement works according to the priority set.

***Enhancing the business potential of HA's retail facilities and providing services to meet the needs of local community and public housing tenants***

48. To enhance the trade mix management and promotion strategies for HA's new and existing retail facilities.
49. To sustain Domain as a regional shopping centre and entertaining hub, bringing memorable shopping experience and lifestyle pleasure to local and cross district shoppers.

***Promoting environmental protection initiatives in HA's commercial facilities***

50. To advocate green measures in operating HA's retail facilities and encourage shop tenants in participation of environmental campaigns launched by HA and 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)<sup>[13]</sup> for 2015/16. We have reviewed these KPIs and retained them in the 2016/17 CP. The past performance and the proposed targets of the KPIs are set out below –

KPI	2014/15 Target (Year-end performance as at 31 March 2015)	2015/16 Target (Mid-year performance as at 30 September 2015)	2016/17 Target
(1) New flats to be provided			
- PRH flats	12 700 <sup>[14]</sup> (9 900)	23 200 <sup>[14]</sup> <sup>[15]</sup> (2 300)	19 000 <sup>[14]</sup> <sup>[16]</sup>
- Subsidised sale flats	NA	NA	3 000
(2) AWT for PRH applications (years)			
- General applicants	3 (3.3)	3 (3.6)	3 <sup>[17]</sup>
- Among which, elderly one-person applicants	2 (1.8)	2 (2.0)	2
(3) Annual average cost per PRH unit under the management of the HD (\$)			
- Direct management cost <sup>[18]</sup>	5,760 (5,328)	5,890 (5,494) <sup>[19]</sup>	6,030 <sup>[20]</sup>
- Maintenance cost <sup>[21]</sup>	4,070 (3,984)	4,270 (3,250) <sup>[22]</sup>	4 380 <sup>[23]</sup>

Note [13] : Applicable to both in-house services and services provided by property services agents/contractors.

Note [14] : Rounded to the nearest hundred.

Note [15] : Based on the Public Housing Construction Programme updated as at October 2015, we anticipate that 15 500 PRH flats, will be completed in 2015/16, compared with the original target of 23 200 PRH flats.

Note [16] : Including 7 800 PRH flats deferred from 2015/16.

Note [17] : While the AWT of general applicants for PRH as at 30 September 2015 exceeded the target of around 3 years, it is still HA's aim to achieve the AWT target of around 3 years in the long run.

Note [18] : The direct management cost comprises direct personal emoluments for property management only and other recurrent expenditure incurred at estate level.

Note [19] : The annualised year-to-date actual was below the target mainly due to lower expenditure on personal emoluments, Estate Common Area management fee, security charges, cleaning, allowances to tenants, etc.

Note [20] : The increase for 2016/17 is mainly due to the assumed price level adjustment of various operating expenditure items.

Note [21] : The maintenance cost comprises cost of maintenance works incurred at estate level and the costs attributed to PRH maintenance allocated from indirect cost centres.

Note [22] : The annualised year-to-date actual was below the target due to re-scheduling of certain works programmes such as re-roofing, redecoration, and door & gate installation, and less than budgeted expenditure under the Total Maintenance Scheme due to change of inspection arrangement.

Note [23] : The increase for 2016/17 is mainly due to the assumed price level adjustment.

KPI	2014/15 Target (Year-end performance as at 31 March 2015)	2015/16 Target (Mid-year performance as at 30 September 2015)	2016/17 Target
(4) Proportion of rent arrears <sup>[24]</sup> (%)			
- Domestic	below 3.0 (1.78)	below 3.0 (1.8) <sup>[25]</sup>	below 3.0
- Commercial Properties	below 2.5 (2.07)	below 2.5 (2.05) <sup>[26]</sup>	below 2.5
(5) Proportion of overcrowded families <sup>[27]</sup> against total PRH families (%)	below 0.55 (0.48)	below 0.55 (0.46)	below 0.55
(6) Vacancy rate (%)			
- PRH <sup>[28]</sup>	below 1.5 (0.3)	below 1.5 (0.6)	below 1.5
- Commercial Properties (shops)	below 3.0 (1.5)	below 2.5 (1.5)	below 2.5
(7) Average turnaround time for vacant flat refurbishment (days)	not exceeding 44 (43.95)	not exceeding 44 (36)	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 0.7 (less than 0.1)	not exceeding 0.7 (less than 0.1)	not exceeding 0.7
(10) Accident rate in HA construction sites <sup>[29]</sup> (No. of accidents per 1 000 workers)	not exceeding 12.0 (New Works : 6.4 Maintenance and Improvement Works: 2.2) <sup>[30]</sup>	not exceeding 12.0 (New Works : 7.3 Maintenance and Improvement Works : 2.3) <sup>[31]</sup>	not exceeding 9.0

Note [24] : The proportion of rent arrears represents the cumulative rent in arrears over rent receivable for the month.

Note [25] : The rent arrears rate ranged from 0.64% to 1.8% from April 2015 to September 2015 with an average rate at 1.45%.

Note [26] : The rent arrears rate ranged from 2.02% to 2.82% from April 2015 to September 2015 with an average rate at 2.36%.

Note [27] : Overcrowded families are families with living density below 5.5 m<sup>2</sup> internal floor area per person.

Note [28] : The vacancy rate is calculated by dividing the number of lettable vacant PRH units under HA by the total stock of lettable PRH units under HA.

Note [29] : 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. It has all along been HA's objective to keep fatal accidents at zero.

Note [30] : Based on the Labour Department's statistics for the fourth quarter of 2014.

Note [31] : Based on the Labour Department's statistical data up to the second quarter of 2015.

KPI	2014/15 Target (Year-end performance as at 31 March 2015)	2015/16 Target (Mid-year performance as at 30 September 2015)	2016/17 Target
(11) Media enquiries handled (%):			
- general enquiries (within 48 hours)	95 (99.8)	95 (100)	95
- enquiries requiring the collection of detailed information (within 10 days)	100 (100)	100 (100)	100
(12) Training investment per staff member (\$)	2,000 (2,081)	2,000 (782)	2,000
(13) Overall evaluation of training course effectiveness (rating of very effective or above) (%)	85 (95)	85 (94)	85
(14) Paper consumption (reams) <sup>[32]</sup>	129 500 [4% lower than the consumption in 2007/08 and 0.5% lower than the target in 2013/14]  (129 447) [4.0% lower than the consumption in 2007/08 and 0.6% lower than the target in 2013/14]	129 500 [4% lower than the consumption in 2007/08 and no change to the target in 2014/15]  (75 257) [i.e 58% of the target]	129 500 [4% lower than the consumption in 2007/08 and no change to the target in 2015/16] <sup>[33]</sup>
(15) Quantity of items collected from estates for recycling (tonnes)			
- Waste paper	not less than 25 000 (27 127)	not less than 28 000 (13 600)	not less than 28 000
- Aluminum cans	not less than 900 (1 362)	not less than 1 200 (695)	not less than 1 300
- Plastics bottles	not less than 1 480 (1 983)	not less than 1 600 (1 156)	not less than 1 750

Note [32] : There are 500 pieces of paper in one ream.

Note [33] : 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 in the past few years. We aim to maintain the 4% saving target in 2016/17.



KPI	2014/15 Target (Year-end performance as at 31 March 2015)	2015/16 Target (Mid-year performance as at 30 September 2015)	2016/17 Target
(16) Water consumption in HA Headquarters (m <sup>3</sup> )	14 220 [7% lower than the consumption in 2007/08 and 3% lower than the target in 2013/14]	13 910 [9% lower than the consumption in 2007/08 and 2% lower than the target in 2014/15]	13 610 [11% lower than the consumption in 2007/08 and 2% lower than the target in 2015/16] <sup>[34]</sup>
	(12 723) [16.8% lower than the consumption in 2007/08 and 13.3% lower than the target in 2013/14]	(6 158) [i.e. 44% of the target]	
(17) Electricity consumption for office premises (kWh)	36 610 000 [5% lower than the consumption in 2007/08 and no change to the target in 2013/14]	36 610 000 [5% lower than the consumption in 2007/08 and no change to the target in 2014/15] <sup>[35]</sup>	35 900 000 [2% lower than the consumption in 2013/14 <sup>[36]</sup> and 2% lower than the target in 2015/16]
	(35 991 009) [6.6 % lower than the consumption in 2007/08 and 1.7% lower than the target in 2013/14]	(20 485 862) [i.e. 56% of the target]	
(18) Average energy consumption of building services installations in communal areas of domestic blocks designed within the year (kWh/m <sup>2</sup> /Annum)	Not exceeding 27 (24.3)	Not exceeding 27 (24.3)	Not exceeding 24
(19) Holding of bi-monthly EMAC meetings (number of meetings)	830 (884)	850 (454)	880

Note [34] : 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 in the past few years. We target to achieve a further 2% reduction in the consumption in 2016/17 compared with 2015/16 through regular inspection to minimise pipe bursting and leakage and promotion of water saving tips to raise staff's awareness.

Note [35] : In April 2009, the 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 strived to maintain the 5% saving target in 2015/16.

Note [36] : In March 2015, the Government promulgated its new electricity saving target of achieving a 5% saving on the total electricity consumption in government buildings from 2015/16 to 2019/20 under comparable operating conditions, using 2013/14 as the baseline. Similarly, we also aim to align with the government target on electricity consumption to achieve a 5% saving from 2015/16 to 2019/20. Therefore, we have set the new electricity saving target at a 2% reduction in the consumption in 2016/17 compared with 2013/14 under comparable operating conditions.

## 6. MAIN OPERATIONS OF THE HOUSING AUTHORITY

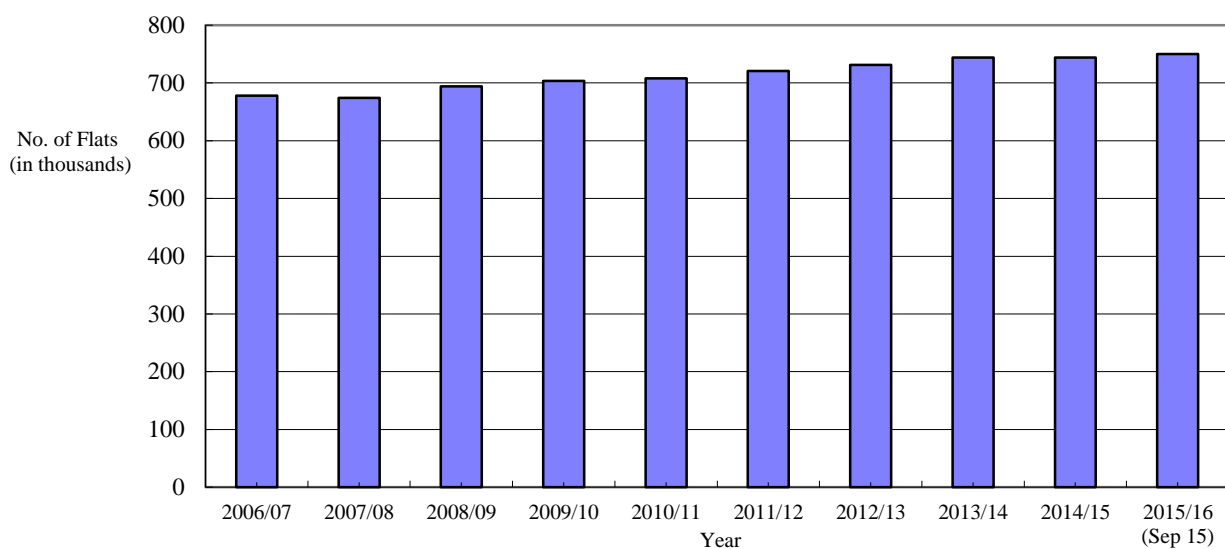
6.1 The operations and activities of HA lie in six main areas, namely development and construction, subsidised housing, commercial properties, building control, procurement, and corporate services. In the forthcoming year, different operations of HA will gear their efforts and activities towards the 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<sup>[37]</sup>**



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.

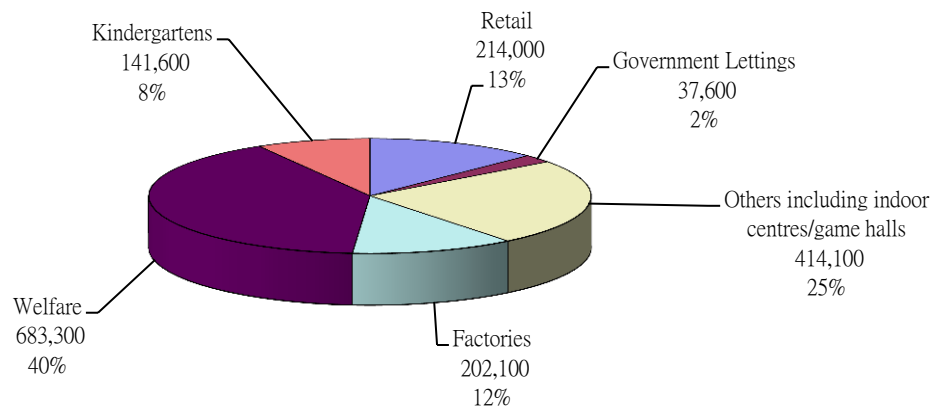
**Home Ownership Assistance Operating Account**

- 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 m<sup>2</sup> 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 m<sup>2</sup>)  
As at 30 September 2015  
(Total Space 1 692 700 m<sup>2</sup>)**



### *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<sup>[38]</sup>, achieving efficiency, effectiveness and value for money at all times.

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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.

## 7. CONSOLIDATED BUDGETS

- 7.1 As a financially autonomous public body, HA funds its public housing programmes with its own resources. A summary of the income and expenditure items of the HA's Revised Budget for 2015/16 and Proposed Budget for 2016/17 is set out below –

	<b>Revised Budget 2015/16 (\$M)</b>	<b>Proposed Budget 2016/17 (\$M)</b>
Operating Income	20,098	21,855
Operating Expenditure	(17,220)	(19,635)
Special Items	15	18
Consolidated Operating Surplus	<u>2,893</u>	<u>2,238</u>
Capital Expenditure	20,069	23,587

### CONSOLIDATED OPERATING ACCOUNT

- 7.2 The Consolidated Operating Account generates a surplus of \$2,238 million in the 2016/17 Proposed Budget, as compared to the 2015/16 Revised Budget surplus of \$2,893 million. The lower surplus is attributable to the higher deficit in the Rental Housing Operating Account, mainly due to the higher projected operating costs as a result of the increase in housing stock and assumed price level adjustments while no rent adjustment is assumed. A summary by business operation is set out below –

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

	<b>Revised Budget 2015/16 (\$M)</b>	<b>Proposed Budget 2016/17 (\$M)</b>
Rental Housing	(637)	(1,468)
Commercial	1,031	1,110
Home Ownership Assistance	2,484	2,578
Special Items <sup>[39]</sup>	15	18
Consolidated Operating Surplus	<u>2,893</u>	<u>2,238</u>

**CASH AND INVESTMENT BALANCE**

7.3 The projected cash and investment balance at end-March 2016 and end-March 2017 are summarised below –

**Summary of Cash Flow**

	<b>Revised Budget 2015/16 (\$M)</b>	<b>Proposed Budget 2016/17 (\$M)</b>
Cash & Investment Balance at year-end	55,587	41,473

7.4 The cash and investment balance in 2016/17 Proposed Budget is projected to decrease to \$41,473 million, mainly due to the higher construction payments for PRH and subsidised sale flats.

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Note [39] : The special items are mainly income from Urban Renewal Authority (URA) for the rental flats allocated to affected tenants of URA redevelopment projects.



## CAPITAL EXPENDITURE

7.5 The capital expenditure in 2016/17 is budgeted at \$23,587 million. The details are summarised below –

### Summary of Capital Expenditure

	<b>Revised Budget 2015/16 (\$M)</b>	<b>Proposed Budget 2016/17 (\$M)</b>
Construction Expenditure	16,739	19,740
Improvement Works	844	950
Computer Projects	149	196
Direct Costs and Overheads charged to Construction, Improvement Works and Computer/IT Projects	2,337	2,701
Total	20,069	23,587

7.6 As compared with the 2015/16 Revised Budget, the capital expenditure in the 2016/17 Proposed Budget is projected to increase by \$3,518 million or 18%, mainly due to more PRH and subsidised sale flats under construction.

# LIST OF ABBREVIATIONS

AWT	average waiting time
BEAM Plus	Building Environment Assessment Method Plus
CP	Corporate Plan
EMAC	Estate Management Advisory Committee
GFA	gross floor area
HA	Housing Authority
HD	Housing Department
HKGBC	Hong Kong Green Building Council
HOS	Home Ownership Scheme
ICU	Independent Checking Unit
IT	information technology
KAs	key activities
KPI	key performance indicator
LTHS	Long Term Housing Strategy
NGO	non-governmental organisation
URA	Urban Renewal Authority