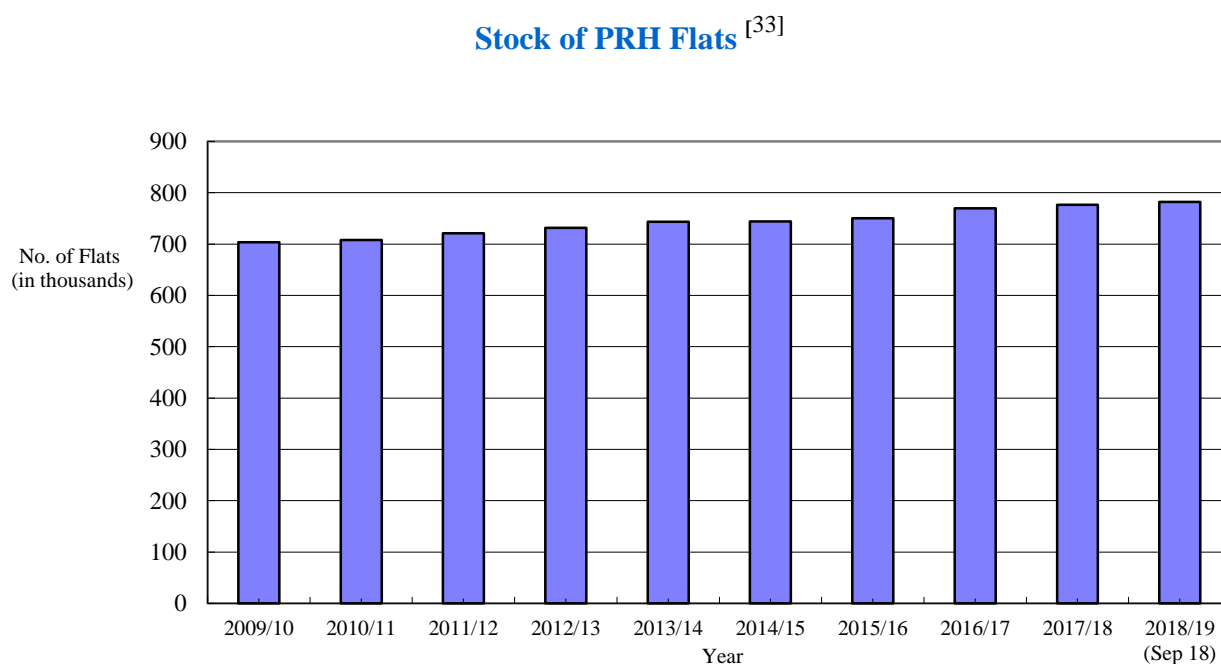


6. MAIN OPERATIONS OF THE HOUSING AUTHORITY

- 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 coming year, different operations of HA will gear their efforts and activities towards the four main themes for 2019/20.

DEVELOPMENT AND CONSTRUCTION

- 6.2 The main functions of the development and construction operation are to plan, design and construct HA's public housing developments as well as associated facilities.
- 6.3 The following chart shows the changes in PRH stock from 2009/10 to 2018/19 –



Note [33] The chart shows the PRH flat stocks from 2009/10 to 2018/19. The position from 2009/10 to 2017/18 is as at end-March of the respective years, while that for 2018/19 is as at end-September 2018.

Budget

- 6.4 The construction expenditure in the 2019/20 Proposed Budget is projected at \$19,650 million, which is lower than the 2018/19 Revised Budget expenditure of \$20,225 million by \$575 million. The lower construction expenditure is mainly due to the number of flat production according to the Public Housing Construction Programme.

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 sale of SSFs.

Budget

Rental Housing Operating Account

- 6.6 The income and expenditure of the Rental Housing Operating Account in the 2019/20 Proposed Budget are projected at \$20,033 million and \$20,004 million respectively. An operating surplus of \$29 million is projected in 2019/20, which is lower than the 2018/19 Revised Budget of \$299 million by \$270 million. The decrease in operating surplus in 2019/20 is mainly due to the higher maintenance and improvements expenditure and other recurrent expenditure, which is partially offset by the full year effect of rent adjustment effective from September 2018.

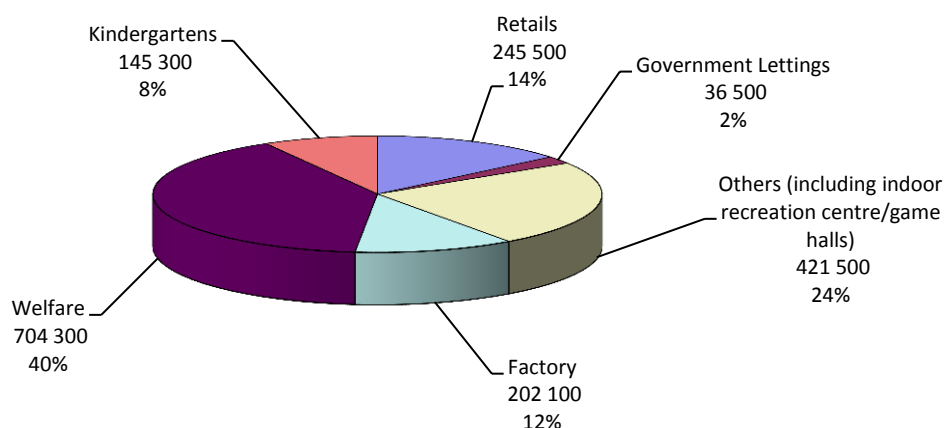
Home Ownership Assistance Operating Account

- 6.7 The income and expenditure of the Home Ownership Assistance Operating Account in the 2019/20 Proposed Budget are projected at \$20,773 million and \$11,364 million respectively. An operating surplus of \$9,409 million is projected in 2019/20, which is higher than the 2018/19 Revised Budget of \$5,456 million by \$3,953 million. The increase in operating surplus in 2019/20 is mainly due to the sale of more SSFs 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 2018, HA ran approximately 1 755 200 m² internal floor area of commercial and other non-domestic properties (excluding schools) and 30 500 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 2018
(Total Space 1 755 200 m²)**



Budget

- 6.10 The income and expenditure of the Commercial Operating Account in the 2019/20 Proposed Budget are projected at \$3,632 million and \$1,893 million respectively. An operating surplus (before exceptional items) of \$1,739 million is projected in 2019/20, which is higher than the 2018/19 Revised Budget of \$1,541 million by \$198 million. The increase in operating surplus in 2019/20 is mainly due to the projected addition of some newly completed 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) exercises dual control functions including the statutory building control to buildings subject to the Buildings Ordinance (Chapter 123) (BO) under the delegated authority from the Director of Buildings as well as the administrative building control to buildings and works not subject to the BO by way of HA's administrative arrangements. ICU's statutory control function is funded by the Government, whilst its administrative control function including the processing of submissions for new housing development, alteration and addition work in existing buildings is funded by HA.
- 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 (Chapter 618).

Budget

- 6.13 The expenditure in the 2019/20 Proposed Budget is projected at \$225 million for building control, which is higher than the 2018/19 Revised Budget of \$203 million by \$22 million. The increase in expenditure in 2019/20 is mainly due to the higher personal emoluments.

PROCUREMENT

- 6.14 The main operations of procurement are to secure competent and reliable business partners through equitable procurement principles^[34], achieving efficiency, effectiveness and value for money at all times.

Budget

- 6.15 The expenditure in the 2019/20 Proposed Budget is projected at \$134 million for procurement, which is higher than the 2018/19 Revised Budget of \$120 million by \$14 million. The increase in expenditure in 2019/20 is mainly due to the higher other recurrent expenditure and capital expenditure on computer and equipment.

Note [34] 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.

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 in the 2019/20 Proposed Budget is projected at \$1,006 million for corporate services, which is higher than the 2018/19 Revised Budget of \$933 million by \$73 million. The increase in expenditure in 2019/20 is mainly due to the higher personal emoluments, other recurrent expenditure and capital computer expenditure.