



Hong Kong Housing Authority

Corporate Plan

2020/21

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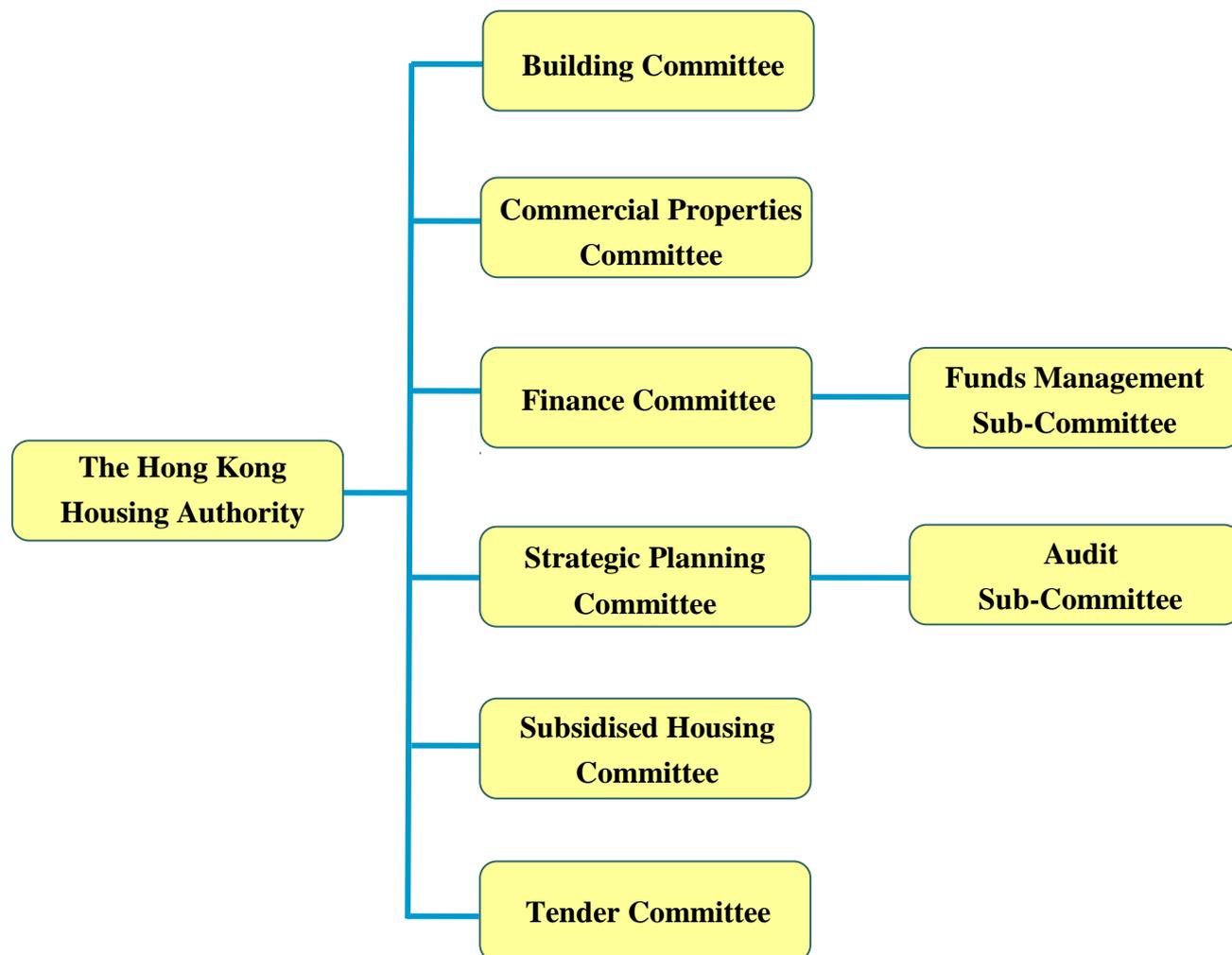
1. CORPORATE PROFILE

The Hong Kong Housing Authority

- 1.1 The Hong Kong Housing Authority (HA) provides public rental housing (PRH) to low-income families who cannot afford private rental accommodation. Also, HA provides subsidised sale flats (SSFs) to address the home ownership aspirations of low to middle-income families.
- 1.2 As at September 2019^[1], HA had a stock of 800 800 PRH / interim housing flats, accommodating 2 142 100 persons, or 29% of Hong Kong's total population.
- 1.3 As at December 2019, the membership of HA comprised 26 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 There are six standing committees together with two sub-committees under HA to formulate and oversee policies in specified areas.

Note [1] Unless otherwise stated, all figures quoted in this Corporate Plan refer to the position as at 30 September 2019.

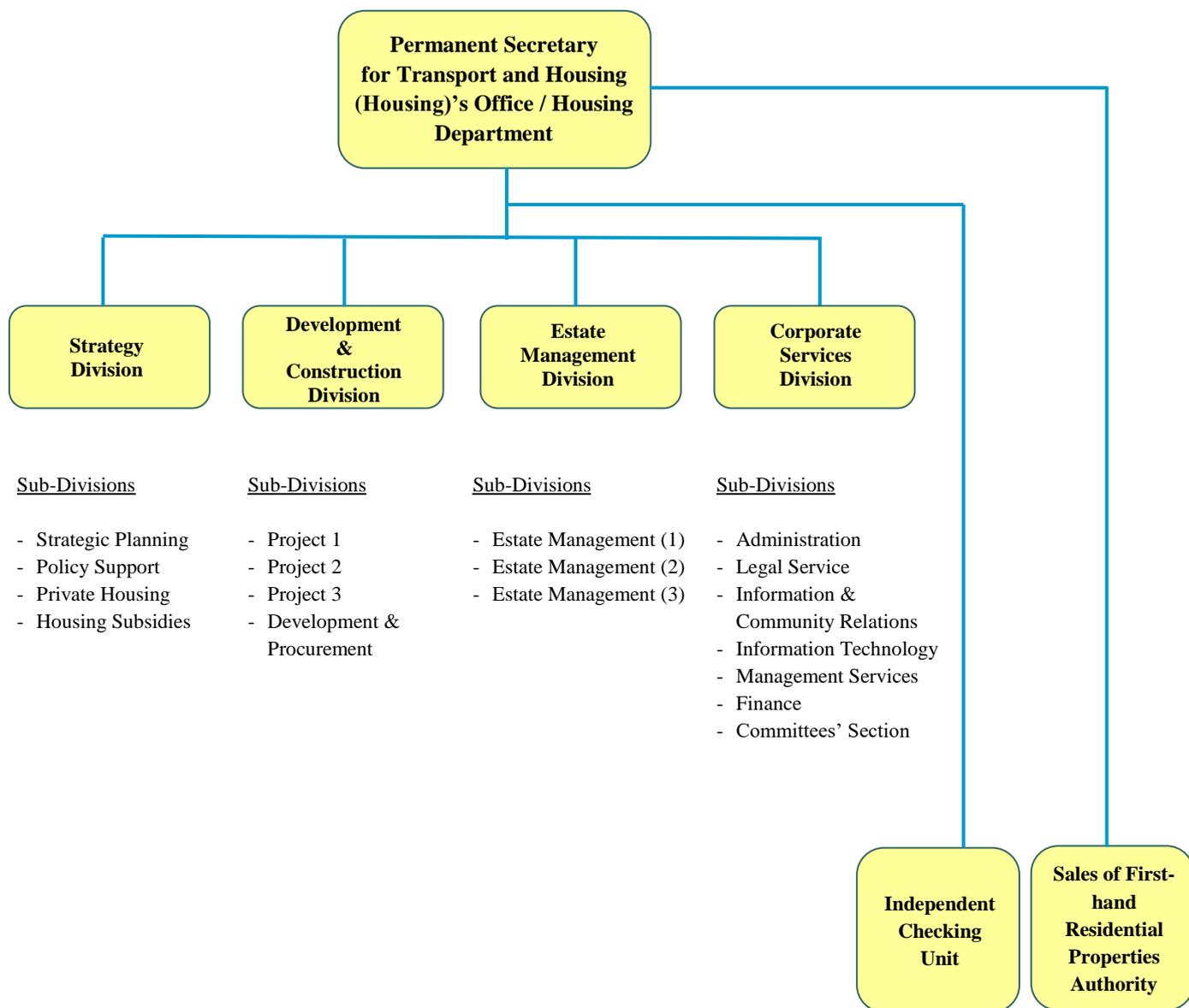
Organisation of the Hong Kong Housing Authority



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 2019, HD had a strength of 9 727 staff, of which 9 114 were civil servants and 613 were contract staff.

Organisation of the Housing Department



2. CORPORATE VISION, MISSION, CORE VALUES AND STRATEGIC OBJECTIVES

2.1 The Vision, Mission, Core Values, and Strategic Objectives of HA are set out below: -

Vision

2.2 To provide affordable rental housing to low-income families with housing needs, and to help low to middle-income families gain access to subsidised home ownership.

Mission

- 2.3
- (a) 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.
 - (b) To provide an age-friendly and barrier-free estate environment to address the needs of residents of different ages and physical ability.
 - (c) To ensure cost-effective and rational use of public resources in service delivery and allocation of housing assistance in an open and equitable manner.
 - (d) To maintain a competent, dedicated and performance-oriented team.

Core Values

2.4 Caring, Customer-focused, Creative, Committed.

Strategic Objectives

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

- (a) To facilitate the cost-effective provision of quality PRH^[2].
- (b) To address the aspiration of low to middle-income families for home ownership through the provision of SSFs.
- (c) To make efficient and effective use of public housing (including PRH and SSFs) resources.
- (d) To maximise the rational allocation and eliminate abuse of PRH resources with a view to enhancing the turnover of PRH units.
- (e) To work in partnership with customers and other stakeholders to enhance service quality.
- (f) To adopt universal design for planning and design of new housing estates, and improve facilities in existing estates in accordance with the same principle.
- (g) To manage and maintain assets with a view to maximising their economic life and contribution.
- (h) To make effective use of private sector resources.
- (i) To make the fullest use of human and financial resources and of information technology (IT) to meet corporate goals.
- (j) To contribute actively and positively towards sustainable development.
- (k) To be innovative in enhancing operational efficiency.
- (l) To promote the core values of HA among staff members.
- (m) To optimise the use of commercial properties.

Note [2] “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; (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 (c) the procurement of value-for-money and durable construction materials, coupled with comprehensive maintenance services, to maintain a decent living environment for the residents.

3. MID-YEAR PERFORMANCE REVIEW OF THE 2019/20 CORPORATE PLAN

- 3.1 There were 51 key activities (KAs) in the 2019/20 Corporate Plan. As at 30 September 2019, six KAs were completed and 45 KAs were on schedule, on-going or partially completed. The mid-year performance review of each of the Programmes of Activities of HA's main operations was reported to HA via Paper No. SHC 54/2019 (for subsidised housing), CPC 28/2019 (for commercial properties), BC 71/2019 (for building control), BC 72/2019 (for development and construction), TC 101/2019 (for procurement) and FC 40/2019 (for corporate services) respectively. The overall progress is recapitulated below.

Theme 1: Providing Quality Homes

Construction and development of public housing

- 3.2 The goal for 2019/20 was to construct about 13 800 PRH/Green Form Subsidised Home Ownership Scheme (GSH) flats and about 4 400 Other SSFs. Based on the Housing Construction Programme (HCP) as at September 2019, we completed the construction of about 2 500 PRH/GSH flats and about 1 700 Other SSFs in the first half of 2019/20. We anticipated that a total of about 13 000 PRH/GSH flats and 4 400 Other SSFs would be completed in 2019/20.
- 3.3 We continued to hold regular meetings with Government bureaux and departments concerned to identify and endorse potential sites for public housing development; agree on the programme of comprehensive studies for selected sites; and facilitate and advance site availability for public housing development. We also endeavoured to optimise the development potential of public housing sites through implementing the policy approved by Executive Council in December 2018 allowing the domestic plot ratio at the selected zones to increase by 10% (i.e. up to maximum 30% increase in total), and relaxing building height and non-building areas where technically feasible. In order to expedite the construction of housing units, we continued to implement a series of measures, including the use of standardised precast elements in suitable projects, streamlining joint survey at foundation / building interface, and standardising falsework details, etc.

- 3.4 We continued to strive to optimise site potential and maximise the supply of flats, and adopt 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 had taken the views of the local community and the requirements of the Government departments into consideration in project planning and design stage, so as to provide the essential welfare facilities while optimising the development potential.
- 3.5 In order to promote a green and healthy environment, as well as to gain gross floor area concessions for some projects, we registered four 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^[3] in the first half of 2019/20.
- 3.6 In the first half of 2019/20, we continued to adopt environmentally responsive planning and design and conducted “micro-climate” studies in 31 on-going projects and Air Ventilation Assessment in 19 on-going projects. The findings were applied in the design. We continued to use acoustic windows, balconies, fins and noise barriers in suitable projects in accordance with site-specific characteristics to mitigate noise. Furthermore, we conducted Carbon Emission Estimation for three projects in the first half of 2019/20, and would implement it in all projects in the design stage.
- 3.7 We continued to maintain building sustainability and meet statutory requirements by implementing various maintenance and improvement programmes. In order to ensure building safety in aged PRH estates, we scheduled to complete plan submission under the Fire Safety (Buildings) Ordinance for 34 blocks of PRH estates. As at 30 September 2019, 26 blocks had been completed. We also planned to participate in the “Quality Water Supply Scheme for Buildings – Fresh Water (Management System)” of the Water Authority in 28 PRH estates. As at 30 September 2019, 19 of them had already participated in the scheme.

Management and maintenance of public housing

- 3.8 We continued to implement the Comprehensive Structural Investigation Programme for PRH estates aged around 40 years as scheduled to ascertain the state of structural safety and the Total Maintenance Scheme in 19 estates including the implementation of the Mandatory Window

Note [3] BEAM Plus is a comprehensive environmental assessment scheme for buildings recognised by HKGBC. The BEAM Plus assessment scheme includes 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.

Inspection Scheme in three estates and the Responsive In-flat Maintenance Services in all PRH estates. Under the Lift Modernisation Programme, we had completed the replacement of 22 old lifts as at 30 September 2019 against the target of 42 in the year. For the Collapsible Gate Enhancement Programme, 13 000 units had been approached for joining this voluntary replacement programme as at 30 September 2019. Moreover, we had rolled out the Laundry Rod Addition Programme to install laundry rods outside living rooms in specified PRH block types.

- 3.9 With a view to achieving the highest site safety standards, striving for continuous improvements and promoting a culture of safety, we had successfully migrated the Occupational Health and Safety Assessment Series 18001 to ISO 45001:2018 Occupational Health and Safety Management System (OHSMS) for planned maintenance and improvement works. The new certificate of ISO 45001 OHSMS for planned maintenance and improvement works was received in July 2019.
- 3.10 We continued to conduct annual internal audits to maintain the respective certification on ISO 14001 for Environmental Management System and ISO 50001 for Energy Management System. Moreover, the seventh Carbon Audit Report for 14 typical domestic block types to monitor energy consumption was under preparation.

Provision of PRH and SSFs

- 3.11 Up to 30 September 2019, about 7 000 PRH units were allocated to PRH applicants. The average waiting time (AWT)^[4] for general applicants (i.e. family and elderly one-person applicants) was 5.4 years as at 30 September 2019. We will continue to strive to achieve the target of providing the first offer to general applicants at around three years on average in the long run.
- 3.12 We continued to address the home ownership aspiration of low to middle-income families through various subsidised housing schemes. The Sale of the Home Ownership Scheme (HOS) Flats 2019 with introduction of e-Submission was launched in late May 2019. The ballot was drawn on 15 August 2019 and flat selection was scheduled to commence in November 2019.

Note [4] Waiting time refers to the time taken between registration for PRH and the 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.). AWT refers to the average of the waiting time of those general applicants who were housed to PRH in the past 12 months.

- 3.13 The White Form Secondary Market Scheme (WSM) 2019 with introduction of e-services for submission of application was launched in late May 2019. Approval letters were issued to successful applicants in December 2019. For the Sale of GSH Flats 2019, around 3 700 flats were put up for sale by the end of 2019 and we had launched the e-services for GSH application submission by December 2019.
- 3.14 A full range of publicity was organised at the launch of HOS/WSM 2019 in May 2019. In order to tie in with the introduction of e-service for submission of applications, promotion videos and online demonstration videos were produced to publicise the new submission channel.

Theme 2: Promoting Sustainable Living

Relationship management with stakeholders

- 3.15 We continued to strive to enhance community bonding and attend to tenants' needs. The Estate Management Advisory Committees (EMACs) continued to partner with non-governmental organisations (NGOs) to hold functions to promote neighbourliness in PRH estates and deliver caring and outreaching services for elderly tenants so as to attend to their needs. On an estate management level in enhancing family cohesion, there had been a cumulative total of 59 090 households benefited from the Harmonious Families Policies. The "Making Precious Memories - Life in Public Housing" Short Video Contest which promoted community living in PRH estates was completed. The award presentation ceremony for the Contest was held in June 2019.
- 3.16 We also continued to widely publicise the Rent Assistance Scheme to raise the awareness of PRH tenants for helping families in need. The messages were disseminated through various channels such as broadcasting on radio and Housing Channel, posters, leaflets, estate newsletters, YouTube, "iHousing" Mobile App and promotion via HA/HD website and EMAC meetings. Estate staff also solicited support from NGOs, District Council members and EMAC members to refer tenants in need to estate office for rent assistance.
- 3.17 We continued to value the views and feedback from tenants on the planning and design of housing estates. We continued to conduct community engagement activities, including engagement workshops, as well as forums and meetings, to present development proposals and obtain feedback on the planning and design of projects, and surveys to gauge the residents' views in every newly completed estate. As at September 2019,

we recorded an overall Customer Satisfaction Index of 89.9% for completed new estates.

- 3.18 In order to secure competent and reliable business partners, we continued to strive to improve our procurement practices and raise service standards, by implementing tendering scoring measures for tender assessments and ensuring a competent workforce. We continued to employ a two-envelope tendering system for complex building and foundation contracts. Moreover, we had been applying the Performance Assessment Scoring System to our various new works contracts. The Preferential Tender Award System had been implemented for District Term Contracts. We also continued to require every works contractor to submit statutory declaration when applying for admission to or annual retention on HA Lists of Works Contractors.

Promotion of greening, social inclusion and safety

- 3.19 With a view to promoting greening in PRH estates, we continued to organise activities to raise the environmental awareness of PRH residents. As at 30 September 2019, we had completed tree planting day activities in seven targeted estates and arranged landscape improvement works in nine estates. The tree planting day activities of the remaining three estates and the landscape improvement works of the remaining 11 estates were under planning or in progress. “Green Delight in Estates” programme^[5] Phase 12 commenced in January 2019 and the post-programme resident environmental survey was also completed in the third quarter of 2019. Two refresher/training courses were organised for Estate Tree Ambassadors in order to provide them with the basic knowledge on identifying suspected problematic trees within the estates. We continued to conduct an annual tree risk assessment exercise and update the tree database records for effective tree management through a computerised Enterprise Tree Management System. We also held greening activities for community participation in six estates and targeted to hold such activities in the other 14 estates in the year.
- 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 continued to adopt universal design principles in the design and planning of community facilities and domestic flats. We also continued to provide Integrated Community Play Areas for all ages and

Note [5] “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.

abilities, and implement 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, issue circulars, organise award ceremony and support territory wide safety campaigns regularly to engage stakeholders and promote the best safety practices. Our relentless efforts resulted in a zero fatal accident up to end-October 2019 and an accident rate of 6.1 and 10.7 per 1 000 workers for new works contracts and maintenance contracts respectively based on data up to the second quarter of 2019.

Theme 3: Optimising and Rationalising the Use of Public Resources

HA's public housing resources

- 3.22 In light of the increasing demand for PRH, we continued to make much effort in safeguarding the rational and efficient use of public housing resources. As at 30 September 2019, we had completed Biennial Inspection (BI) on some 307 000 PRH flats in the current BI cycle, which started in November 2018. Intensive checking by the Public Housing Resources Management Sub-section on some 6 000 income and assets declaration cases and rigorous investigation on some 6 600 randomly selected occupancy-related and suspected tenancy abuse cases were in good progress.
- 3.23 In addition to the intensified investigation measures, we had launched various publicity and outreaching activities to enhance public awareness of providing PRH flats to those with pressing needs. We launched a Kick-off Ceremony at the Domain on promoting “Cherish Public Housing Resources” on 26 September 2019 and conducted outreaching visits to EMACs of six estates to promote cherishing public housing resources. Fun Fairs with game booths, photo taking and balloon distribution to 28 PRH estates in various districts to reinforce the deterrence and encourage reporting of abuse would be conducted from October 2019 to January 2020.
- 3.24 To improve the living condition of sitting tenants, we invited applications for the Territory-wide Overcrowding Relief Exercise / Living Space Improvement Transfer Scheme in September 2019. Flat selection would start from January 2020. With a view to providing housing to applicants with genuine housing needs, the Subsidised Housing Committee (SHC) endorsed at its meeting on 21 June 2019 the implementation of a trial for

a new initiative whereby under-occupation households with all family members aged 70 or above would be given an option to enjoy full rent exemption upon their transfer to PRH units of suitable sizes.

- 3.25 Taking into account the operational experience of the Hong Kong Housing Society's (HKHS) "Letting Scheme for Subsidised Sale Developments with Premium Unpaid" (Letting Scheme), SHC agreed at its meeting on 29 July 2019 for HA to join HKHS' Letting Scheme on a trial basis, allowing eligible owners of HA's SSFs to let their flats with premium unpaid to eligible PRH applicants. The enhanced Letting Scheme was open for applications by eligible owners and tenants from 18 November 2019 and on 9 December 2019 respectively.
- 3.26 To facilitate HKHS' "Flat-for-Flat Pilot Scheme for Elderly Owners", SHC approved at its meeting on 21 June 2019 to allow eligible elderly owners of HKHS' SSFs who have sold their original flats with premium unpaid to buy a smaller one in HA's Secondary Market. HKHS had started receiving applications of the "Flat-for-Flat Pilot Scheme for Elderly Owners" since 14 October 2019.

HA's financial, human and IT resources

- 3.27 We continued to benchmark the average construction cost of HA's residential buildings against those in the private sector. We continued to closely monitor the construction cost per flat in PRH/GSH and SSF 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 HCP.
- 3.28 In respect of funds management, an annual health check on HA's Strategic Asset Allocation was conducted. Having consulted and taken into account the advice of the Funds Management Sub-Committee (FMSC), we reported the findings and recommendations to the Finance Committee (FC) in July 2019. Actions were taken in accordance with the FMSC's advice to implement the recommendations as approved by the FC.
- 3.29 In order to meet the public housing supply target, further to the creation of 820 additional civil service posts between 2012/13 and 2018/19, 45 posts had been secured in 2019/20. We will continue to monitor the manpower situation and make the most effective use of human resources through re-engineering of work processes, redeployment of staff and re-prioritisation

of tasks, and bid for additional manpower where necessary.

- 3.30 The HD has been engaging supplementary workforce, viz. body-shopped personnel, term staff and staff employed under the Government's Post-retirement Service Contract (PRSC) Scheme to meet special and/or temporary job needs. As at 30 September 2019, we had engaged 1 305 body-shopped personnel, 61 term staff and six PRSC staff. We will continue to make flexible use of supplementary workforce to cope with periodic peaks of workload.
- 3.31 As one of the measures to support staff development, we continued to organise the Development Scheme for Senior Professionals to provide the participants with opportunities to take up responsibilities beyond their professional boundary. Besides, national studies courses, overseas attachment programmes, and Housing Department Development Programme had been arranged to broaden staff's perspectives. Other measures to facilitate succession management (e.g. two five-day internal attachment programmes) had been implemented.
- 3.32 On the IT front, the migration of applications from the existing HA Information Technology Architecture platform to the new HA Cloud Computing Infrastructure commenced in early 2019. The disaster recovery services for mission critical applications in HA and the new round of one-stop personal computer support and helpdesk services commenced in June 2019. The implementation of the second generation of e-Housing and the upgrade of the Internet proxy services were completed in September 2019.

Theme 4: Enhancing the Attractiveness of Commercial Properties

- 3.33 During the first six months of 2019/20, we continued to identify asset enhancement opportunities through feasibility studies and Strengths-Weaknesses-Opportunities-Threats analyses. The improvement works for Shek Pai Wan Shopping Centre were completed while the feasibility studies and improvement works for Lei Muk Shue, Cheung Shan and Choi Tak Shopping Centres as well as Shek Kip Mei and Pok Hong Markets were in good progress. For better use of resources, we also continued to review the utilisation of storerooms and other spaces and consider converting them into domestic flats or welfare, retail or other non-domestic uses where feasible and appropriate. In support of the Government's effort to increase car parking spaces, we continued to seek opportunities to create additional parking spaces in existing carparks and estates subject to technical feasibility, necessary approvals and local views.

- 3.34 We continued to maintain a balanced and diversified trade mix according to market trend and increased shopping choices and variety of services to our residents and the local community. We also continued to collaborate with the three major banks and arranged mobile bank branches in 25 estates to serve our tenants. In view of the popularity of online shopping and the growing need of logistics services, 44 sets of parcel lockers had been set up in various estates. Moreover, we had liaised with the Government for the provision of free Wi-Fi service in HA's major shopping centres.
- 3.35 Through well-planned leasing arrangements, we were able to enhance the utilisation of resources and maintained the vacancy rates at a low level of 1.2% for retail facilities and 1.1% for shopstalls and cooked food stalls as at end September 2019. However, the vacancy rate of factory estates increased and slightly exceeded the target of below 1% due to the freezing of letting of vacant factory units pending studies for improvement works to meet the requirements when the Fire Safety (Industrial Buildings) Bill is enacted. We are actively exploring whether individual factory estate sites could be developed for public housing use under suitable conditions and arrangements.
- 3.36 With a view to enhancing shopping ambience and sustaining competitiveness of neighbourhood shopping centres and major retail facilities in HA's estates, packaged promotion programmes and festive decorations had been launched continuously during major festivals or special days for attracting shoppers and increasing footfalls. In addition, a celebration ceremony was launched to mark the opening of Yan Tin Shopping Centre, enhancing its shopping atmosphere and boosting retail sales.
- 3.37 Domain had maintained its positioning and competitiveness as HA's regional shopping mall. A full range of special themed events, tailor-made promotional activities and dynamic events were held to maintain its popularity and attractiveness. Short-term lettings of kiosks, roadshows and festive trade fairs were regularly arranged to widen the choice of products and services for shoppers, bringing new and relaxing shopping experience to customers. Moreover, in collaboration with various mass media, renowned brands, Government departments and NGOs, a total of 33 community events / activities were held in Domain to enhance publicity and promote HA's image.

- 3.38 In order to promote green measures in operating HA's retail facilities, we continued to join the Energy Saving Charter^[6] and Charter on External Lighting^[7] for some of our shopping centres. We continued to invite shop tenants to join the Charter on External Lighting and the response has been positive and encouraging. We launched a promotional programme titled "Plastic-Free" in five shopping centres^[8]. Furthermore, in order to promote food waste reduction, we continued to join the Government's Food Waste Collection Pilot Scheme for nine of our shopping centres / markets^[9]. Tenants of restaurants, supermarkets and market stalls were encouraged to participate in food donation schemes organised by various NGOs. We continued to encourage our shop tenants to incorporate sustainable green measures in their daily operations.
- 3.39 In addition to the electric vehicle (EV) charging facilities already provided to hourly users in the new and existing car parks, EV charging facilities at existing car parks were installed for monthly users on need basis. Moreover, in support of Government's initiatives to further promote the use of EV, installation of 12 medium chargers at hourly parking spaces in Domain, Tak Long Estate and On Tat Estate would be completed by March 2020.

Note [6] Ten shopping centres have joined the Energy Saving Charter, namely Choi Tak, Hoi Lai, Kwai Chung, Lei Muk Shue, Mei Tin, On Kay, Tin Yan and Yau Lai Shopping Centres, Shui Chuen O Plaza and Domain, to maintain an average indoor temperature between 24 to 26 degrees Celsius in the summer months.

Note [7] Ten shopping centres have joined the Charter on External Lighting, namely Cheung Lung Wai, Ching Long, Choi Tak, Hung Fuk, Kwai Chung, Nam Shan, Yau Lai and Wah Fu (II) Shopping Centres, Choi Ying Place and Domain, to switch off lighting installations for decorative, promotional or advertising purposes from 11 p.m. to 7 a.m. of the following day.

Note [8] The five shopping centres are namely Ching Long, On Tai and Yau Lai Shopping Centres as well as Domain and Shui Chuen O Plaza.

Note [9] These shopping centres / markets include Cheung Ching, Ching Long, Kwai Chung, Kwai Shing West, Lai Yiu, Lei Muk Shue, Nam Shan and Wah Fu (I) and (II) Shopping Centres

4. THEMES AND KEY ACTIVITIES IN 2020/21

4.1 This chapter sets out the themes and KAs of HA in 2020/21

Themes

4.2 Taking into account HA's statutory objectives and functions, and the main directions of HA's work, HA will continue to concentrate its efforts in 2020/21 under the following four themes –

Theme 1:Providing Quality Homes;

Theme 2:Promoting Sustainable Living;

Theme 3:Optimising and Rationalising the Use of Public Resources; and

Theme 4:Enhancing the Attractiveness of Commercial Properties

Key Activities

4.3 Under the above four themes, we have drawn up 52 KAs for 2020/21. Among these KAs, four are new initiatives while 48 are on-going. In this Chapter, the KAs are presented under the relevant themes in order to achieve the respective objectives.

(I) New Initiatives

Theme 1: Providing Quality Homes

Objective: Providing PRH to low-income families and addressing the home ownership aspirations of low to middle-income families

1. To make active preparations with a view to accelerating the sale of about 42 000 unsold flats in the 39 estates under the Tenants Purchase Scheme.
2. To put up more HOS and GSH flats which are under construction for pre-sale in 2020^[10].
3. To further raise the quota of WSM in 2020.

Theme 3: Optimising and Rationalising the Use of Public Resources

Objective: Optimising the use of HA's factory buildings

4. To explore the feasibility of redeveloping HA's factory estates for public housing use, particularly to increase the supply of PRH units.

Note [10] It is expected that as many as around 12 000 HOS and GSH flats will be put up for pre-sale in 2020.

(II) On-going Initiatives

Theme 1: Providing Quality Homes

Objective: Providing PRH to low-income families and addressing the home ownership aspirations of low to middle-income families

5. To provide PRH to low-income families who cannot afford private rental accommodation. While the latest AWT^[11] for general applicants (i.e. family and elderly one-person applicants) has exceeded three years, we will continue to strive to achieve the target of providing the first flat offer to general applicants at around three years on average in the long run.

Objective: Seeking Government's provision of 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

6. To seek Government's provision of 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.
7. To monitor town planning and associated processes affecting housing development, and mitigate any adverse impact on site availability for construction.
8. To monitor public objections to housing development, take measures to avoid interruption to site works and mitigate any effect on progress.
9. To explore and implement initiatives to expedite construction of new works projects.
10. To review the range of modular flats for public housing developments to suit the diverse needs of the public.

Note [11] Waiting time refers to the time taken between registration for PRH and the 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.). 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.

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

11. To review and enhance the quality management system and specifications in respect of assuring quality for all critical site works and installations for capital works new works projects, including risk assessment and site inspection procedures in respect of assuring proper use of materials.
12. To adopt environmentally responsive planning and design, and optimise greening in housing estates to promote a green and healthy environment.
13. To promote and streamline “green” procurement, including the use of “green” materials, “green” construction methods, resource conservation technologies, the simultaneous and integrated application of different environment-friendly material labelling schemes, and energy conservation.

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

14. 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.

Objective: Maintaining compliance with statutory requirements in new development projects and existing properties

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

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

17. To implement maintenance and improvement programmes (including regular preventive repairs) and upgrading works to enhance existing PRH stock and to meet the latest statutory requirements and other enhancement initiatives and to maintain enrolment to the Hong Kong Quality Assurance Agency (HKQAA) Sustainable Building Index (SBI)^[12] for existing PRH estates.

Note [12] The SBI, launched by the HKQAA in 2012, is a benchmarking scheme based on the United Nations Environmental Programme – “2009 Sustainable Buildings and Construction Initiative’s Financial and Sustainability Metrics Report”. It facilitates measuring and benchmarking of the sustainability performance of buildings.

Objective: Improving the environmental standards of PRH estates

18. To enhance environmental protection through the acquisition of ISO 50001^[13] certification for Energy Management System and ISO 14001^[14] certification for the Environmental Management System, as well as the implementation of various energy saving initiatives in PRH estates.

Objective: Enhancing safety and health practices for planned maintenance and improvement works

19. To maintain a structured OHSMS of planned maintenance and improvement works.

Theme 2: Promoting Sustainable Living

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

20. 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.
21. To adopt universal design for all ages and abilities in modular flats, communal facilities and integrated community play areas, and implement barrier-free access to domestic block entrances, strategic estate facilities and transportation nodes to enhance safety, accessibility and spatial equity in the community.
22. To enhance the service standards and strengthen monitoring of our business partners, including contractors, sub-contractors, suppliers, consultants and service providers, and raise their awareness of corporate social responsibility and to promote partnering, such as conducting regular seminars and maintaining continuous communication in the development process of procurement initiatives.

Note [13] 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.

Note [14] 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 risks of environmental impact from its activities and to improve its environmental performance continually.

Objective: Maintaining estate cleanliness and environmental hygiene for healthy and harmonious living

23. To continue implementing the Marking Scheme for Estate Management Enforcement and strengthen the prevention and control of pest in PRH Estates.
24. To continue raising the awareness of PRH tenants on the Government's proposed Municipal Solid Waste Charging Scheme.

Objective: Enhancing community bonding and attending to tenants' needs

25. 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.

Objective: Promoting greening in existing PRH estates

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

Objective: Promoting understanding of HA's work

27. To build a proactive and caring corporate image of HA and strengthen communication with our staff, tenants, partners and the general public.

Objective: Enhancing awareness on health, environment and safety, and promoting relevant practices in HA's workplace

28. To monitor and enhance the quality of development and environment, as well as health and safety at HA's development and construction workplaces, and improve the environmental, social and economic aspects of sustainability.
29. To promote staff awareness of environmental protection issues and enhance their awareness of and capacity to ensure occupational safety and health in HA's workplace.

Theme 3: Optimising and Rationalising the Use of Public Resources

Objective: Optimising and rationalising the use of PRH resources

30. To provide opportunities for transfer of sitting tenants through various transfer exercises.
31. To incentivise under-occupied all elderly PRH households to transfer to right-sized flats.
32. 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 risk-based intensive investigation and overall monitoring by a central team.
33. To conduct the biennial PRH rent review.

Objective: Optimising the use of SSF resources

34. To allow eligible owners of HA's SSFs to join HKHS' enhanced Letting Scheme on a trial basis.
35. To allow eligible elderly owners participating in the "Flat for Flat Pilot Scheme for Elderly Owners" of HKHS to purchase a smaller SSF in HA's Secondary Market.

Objective: Implementing e-services

36. To implement e-services for submission of applications for PRH and SSFs (including HOS, GSH and WSM) and explore possible enhancements.
37. To explore alternative e-payment methods for rent collection.

Objective: Maintaining a healthy procurement environment and enhancing value-for-money through procurement practices

38. To maintain an open, fair, transparent and cost-effective procurement environment and enhance value-for-money through procurement practices for works, services and goods.

Objective: Monitoring the construction cost of new housing development, enhancing the sustainability of older estates and reviewing the feasibility of redeveloping individual aged estates

39. To review the feasibility of redeveloping individual aged PRH estates in accordance with established policies under the Long Term Housing Strategy and make better use of land within or near existing PRH estates for additional developments to increase flat production and enhance facilities.
40. To prolong the useful life of some aged estates, enhance the provision of housing development and facilitate the maintenance of older estates.
41. To monitor construction cost and improve the cost-effectiveness of construction.

Objective: Making the best use of human resources to meet corporate goals

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

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

45. To implement or enhance IT systems to support the evolving business requirements, and to improve the overall operational efficiency and IT security.
46. To implement IT infrastructure and centralised IT services to meet HA's future business needs.

Objective: Maintaining sound financial and funds management

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

Theme 4: Enhancing the Attractiveness of Commercial Properties

Objective: Enhancing the potential and business environment of HA's commercial properties

49. To continue reviewing the five-year rolling programme for asset enhancement, identifying new enhancement opportunities and carrying out feasibility studies and improvement works according to the priority set, and explore opportunities for better use of resources.

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

50. To enhance the leasing and promotion strategies for HA's new and existing retail facilities.

51. To maintain Domain's market positioning and competitiveness as a regional shopping mall, and provide visitors and customers with memorable shopping experience and lifestyle pleasure.

Objective: Promoting environmental protection initiatives in HA's commercial facilities

52. To enhance awareness of environmental protection and implement green measures and campaigns launched by HA and the Government.

5. KEY PERFORMANCE INDICATORS

5.1 In order to help evaluate and monitor our performance in implementing the KAs, we have adopted 19 Key Performance Indicators (KPIs) ^[15] for 2019/20. We have reviewed these KPIs and retained them in the 2020/21 CP. The past performance and the 2020/21 targets of the KPIs are set out below –

KPI	2018/19 Target (Year-end performance as at 31 March 2019)	2019/20 Target (Mid-year performance as at 30 September 2019)	2020/21 Target
(1) No. of new flats to be provided			
- PRH/GSH flats	15 100 ^[16] (20 200) ^[16]	13 800 ^[16] (2 500) ^[16]	6 100 ^[16]
- Other SSFs	6 600 ^[16] (6 600) ^[16]	4 400 ^[16] (1 700)	6 800 ^[16]
(2) AWT for PRH applications (years)			
- General applicants	3 (5.5)	3 (5.4)	3 ^[17]
- <i>Among which, elderly one-person applicants</i>	2 (2.9)	2 (2.9)	2
(3) Annual average cost per PRH unit under the management of the HD (\$)			
- Direct management cost ^[18]	6,280 (5,880)	6,250 (6,058) ^[19]	6,620 ^[20]
- Maintenance cost ^[21]	4,760 (4,496)	5,070 (4,459) ^[22]	5,040 ^[23]

Note [15] Applicable to both in-house services and services provided by property services agents/contractors.

Note [16] Rounded to the nearest hundred.

Note [17] While the latest AWT for general applicants has exceeded three years, HA will continue to strive to achieve the target of providing the first flat offer to general applicants at around three years on average in the long run.

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

Note [19] The lower annualised year-to-date actual cost compared with the target was mainly due to lower spending on EMAC expenditure, personal emoluments, cleansing charges and property service company expenses.

Note [20] The increase in the target for 2020/21 is mainly due to the assumed price level adjustment and top-up payment for service contracts on enhanced measures for protection of non-skilled workers.

Note [21] Maintenance cost comprises costs of maintenance works incurred at estate level and the costs allocated from indirect cost centres.

Note [22] The lower annualised year-to-date actual cost compared with the target was mainly due to lower spending on re-roofing, slope maintenance and geotechnical works, and that the spending level was usually lower in the first half of the year when compared with the average for the whole year.

Note [23] The minor decrease in the target for 2020/21 is mainly due to the lower estimation for total maintenance scheme and lift/escalator maintenance, and adjustment to vacant flat refurbishment, offset partly by assumed price level adjustment and increase in minor maintenance.

Key Performance Indicators

KPI	2018/19 Target (Year-end performance as at 31 March 2019)	2019/20 Target (Mid-year performance as at 30 September 2019)	2020/21 Target
(4) Proportion of rent arrears (%)			
- Domestic	below 3.0 (1.42)	below 3.0 (1.49)	below 3.0
- Commercial Properties	below 2.5 (1.8)	below 2.5 (1.9)	below 2.5
(5) Proportion of overcrowded families ^[24] against total PRH families (%)	below 0.55 (0.49)	below 0.55 (0.57)	below 0.55
(6) Vacancy rate (%)			
- PRH	below 1.5 (0.5)	below 1.5 (0.6)	below 1.5
- Commercial Properties (shops)	below 2.5 (1.3)	below 2.5 (1.2)	below 2.5
(7) Average turnaround time for vacant flat refurbishment (days)	not exceeding 44 (40)	not exceeding 44 (39)	not exceeding 44
(8) Average development lead time for housing projects (months)	60 (59.4)	60 (59.6)	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 ^[25] - for new works contract (No. of accidents per 1 000 workers)	not exceeding 9.0 7.6 ^[26]	not exceeding 9.0 (6.1) ^[27]	not exceeding 9.0
(11) Media enquiries handled (%):			
- General enquiries (within 48 hours)	95 (99.9)	95 (99.7)	95
- Enquiries requiring the collection of detailed information (within 10 days)	100 (100)	100 (100)	100
(12) Training investment per staff member (\$)	2,000 (2,273)	2,100 (1,200)	2,300
(13) Overall evaluation of training course effectiveness (rating of very effective or above) (%)	85 (96)	85 (96)	85

Note [24] Overcrowded families are families with living density below 5.5 m² internal floor area per person.

Note [25] Reportable accident as defined under the Factories and Industrial Undertakings Ordinance (Chapter 59) refers to fatal accidents, or accidents causing sick leave of over three days. It has all along been HA's objective to keep fatal accidents at zero.

Note [26] Based on statistical data up to the end of 1st quarter of 2019 from the Labour Department.

Note [27] Based on statistical data up to 2nd quarter of 2019 from the Labour Department.

KPI	2018/19 Target (Year-end performance as at 31 March 2019)	2019/20 Target (Mid-year performance as at 30 September 2019)	2020/21 Target
(14) Paper consumption (reams) ^[28]	2.5% lower than the consumption in 2013/14 under comparable operating conditions ^[29] [7.9% lower than the consumption in 2013/14 under comparable operating conditions]	3.0% lower than the consumption in 2013/14 under comparable operating conditions ^[29] (6.8 reams per staff (i.e. 47.1% of the target consumption of 14.45 reams per staff))	3.5% lower than the consumption in 2013/14 under comparable operating conditions ^[29]
(15) Quantity of items collected from estates for recycling (tonnes)			
- Waste paper	not less than 26 500 (30 620)	not less than 26 500 (15 594)	not less than 27 00
- Aluminium cans	not less than 1 300 (1 984)	not less than 1 350 (1 117)	not less than 1 400
- Plastics bottles	not less than 1 750 (2 229)	not less than 1 750 (1 135)	not less than 1 800
(16) Water consumption in the HA Headquarters (m ³)	1% lower than the consumption in 2015/16 under comparable operating conditions ^[30] [6.1% lower than the consumption in 2015/16 under comparable operating conditions]	2% lower than the consumption in 2015/16 under comparable operating conditions ^[30] (1.6 m ³ per staff in HAHQ (i.e. 49.8% of the target consumption of 3.21 m ³ per staff in HAHQ))	2.5% lower than the consumption in 2015/16 under comparable operating conditions ^[30]

Note [28] There are 500 pieces of paper in one ream.

Note [29] At present, there is no service-wide saving target for paper consumption in office. To demonstrate our commitment towards protecting the environment, we have set our own target on paper consumption. We target to achieve 2.5%, 3.0% and 3.5% reductions in the consumption in 2018/19, 2019/20 and 2020/21 respectively as compared with 2013/14 under comparable operating conditions (having regard to the manpower expansion) through various measures such as wider use of e-reports and e-operations.

Note [30] At present, there is no service-wide saving target for water consumption in office. To demonstrate our commitment towards protecting the environment, we have set our own target on water consumption at 1%, 2% and 2.5% reductions in the consumption in 2018/19, 2019/20 and 2020/21 respectively as compared with 2015/16 under comparable operating conditions through various measures such as regular inspection to minimise pipe bursting and leakage, installation of water flow controller and shower tap in toilets and pantries, as well as promotion of water saving tips to raise staff's awareness.

Key Performance Indicators

KPI	2018/19 Target (Year-end performance as at 31 March 2019)	2019/20 Target (Mid-year performance as at 30 September 2019)	2020/21 Target
(17) Electricity consumption for office premises (kWh)	4% lower than the consumption in 2013/14 under comparable operating conditions ^[31]	5% lower than the consumption in 2013/14 under comparable operating conditions ^[31]	5.5% lower than the consumption in 2013/14 under comparable operating conditions ^[31]
	[11.9% lower than the consumption in 2013/14 under comparable operating conditions]	(2,013.19 kWh per staff (i.e. 52.8% of the target consumption of 3 810.17 kWh per staff))	
(18) Average energy consumption of building services installations in communal areas of domestic blocks designed within the year (kWh/m ² /Annum)	not exceeding 24 (22.26)	not exceeding 24 (19.74)	not exceeding 23.5
(19) Holding of bi-monthly EMAC meetings (number of meetings)	920 (956)	940 (485)	950

Note [31] 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 aim to align with the Government target on electricity consumption to achieve a 5% saving from 2015/16 to 2019/20. Pending further service-wide saving targets set by the Government for all bureaux/departments, we have set the electricity saving target at 4%, 5% and 5.5% reductions in the consumption in 2018/19, 2019/20 and 2020/21 respectively as compared with 2013/14 under comparable operating conditions having regard to the manpower expansion.

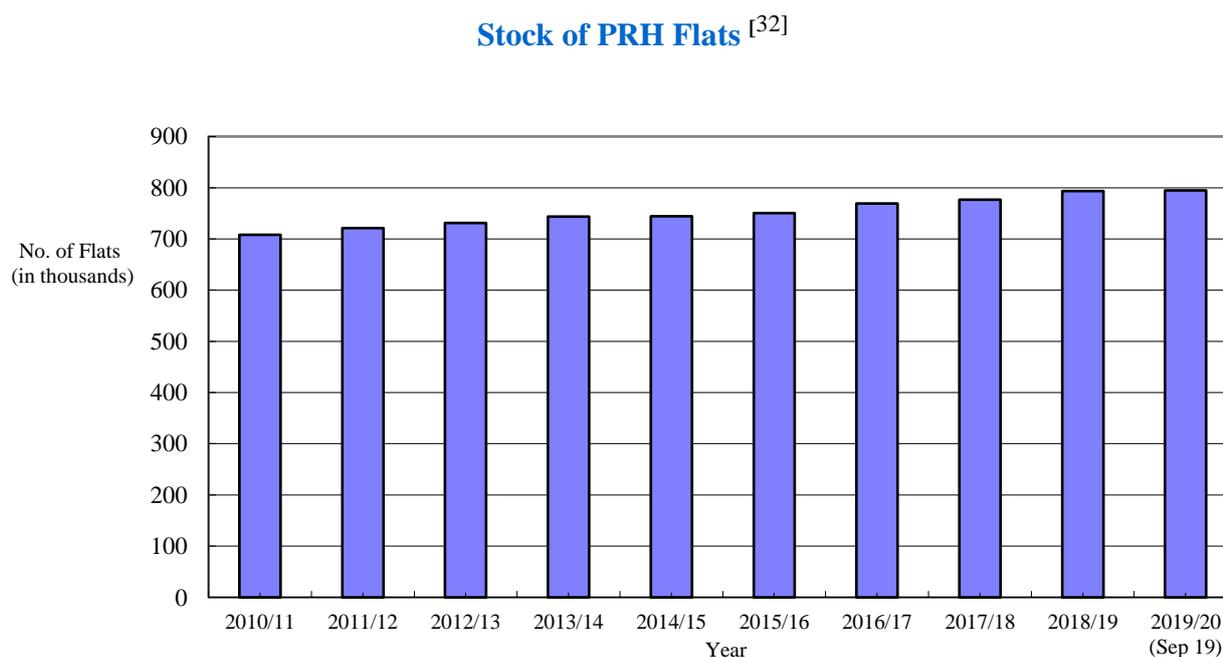
6. MAIN OPERATIONS

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 continue to focus their efforts to achieve the objectives under the four themes for 2020/21.

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 2010/11 to 2019/20 –



Note [32] The chart shows the PRH flat stocks from 2010/11 to 2019/20. The position from 2010/11 to 2018/19 is as at end-March of the respective years, while that for 2019/20 is as at end-September 2019.

Budget

- 6.4 The construction expenditure (including the relevant direct costs and overheads) in the 2020/21 Proposed Budget is projected at \$22,025 million, which is higher than the 2019/20 Revised Budget expenditure of \$17,779 million by \$4,246 million. The higher construction expenditure is mainly due to the number of flat production according to the HCP and more foundation works to be commenced in the year.

SUBSIDISED HOUSING

- 6.5 The main functions of the subsidised housing operation are to allocate, manage and maintain HA's domestic rental properties, and to handle the sale of HA's SSFs.

Budget

Rental Housing Operating Account

- 6.6 The income and expenditure of the Rental Housing Operating Account in the 2020/21 Proposed Budget are projected at \$20,108 million and \$20,811 million respectively. An operating deficit of \$703 million is projected in 2020/21, a difference of \$843 million comparing to the operating surplus of \$140 million in the 2019/20 Revised Budget. This is mainly due to the projected increase in various expenditure items as a result of assumed price level adjustment, while in line with past practice, no rent adjustment is assumed.

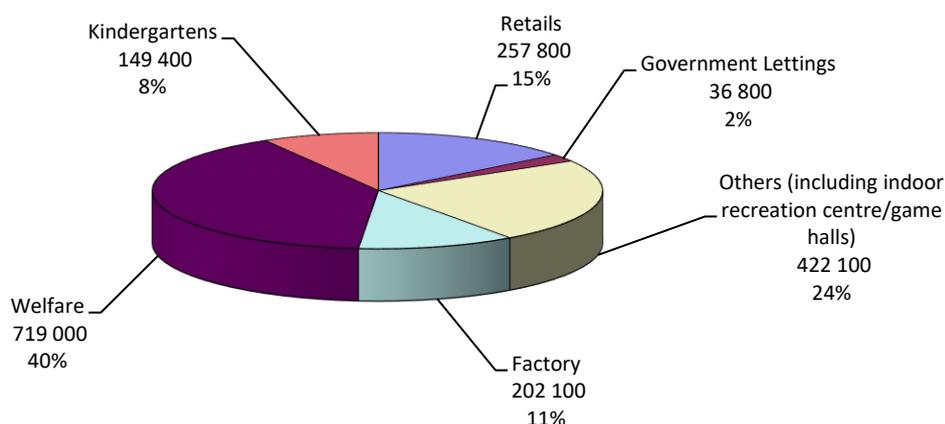
Home Ownership Assistance Operating Account

- 6.7 The income and expenditure of the Home Ownership Assistance Operating Account in the 2020/21 Proposed Budget are projected at \$21,856 million and \$11,499 million respectively. An operating surplus of \$10,357 million is projected in 2020/21, which is lower than the 2019/20 Revised Budget of \$10,947 million by \$590 million. The decrease in operating surplus in 2020/21 is mainly due to less SSF sale completion and higher construction costs and land costs 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 2019, HA ran approximately 1 787 200 m² internal floor area of commercial and other non-domestic properties (excluding schools) and 31 600 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 2019
(Total Space 1 787 200 m²)**



Budget

- 6.10 The income and expenditure of the Commercial Operating Account in the 2020/21 Proposed Budget are projected at \$3,781 million and \$1,971 million respectively. An operating surplus (before exceptional items) of \$1,810 million is projected in 2020/21, which is higher than the 2019/20 Revised Budget of \$1,370 million by \$440 million. The increase in operating surplus in 2020/21 is mainly due to the rent concession by the HA to retail and factory tenants from October 2019 to March 2020 and the projected addition of new premises in 2020/21.

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 Building Authority, i.e. 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 works 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 enhancing the compliance with the Lifts and Escalators Ordinance (Chapter 618).

Budget

- 6.13 The expenditure for building control in the 2020/21 Proposed Budget is projected at \$243 million, which is higher than the 2019/20 Revised Budget of \$220 million by \$23 million. The increase in expenditure in 2020/21 is mainly due to the higher spending on personal emoluments and capital expenditure on computer systems.

PROCUREMENT

- 6.14 The main operations of procurement are to secure competent and reliable business partners through equitable procurement principles^[33], achieving efficiency, effectiveness and value for money at all times.

Budget

- 6.15 The expenditure for procurement in the 2020/21 Proposed Budget is projected at \$127 million, which is higher than the 2019/20 Revised Budget of \$126 million by \$1 million. The increase in expenditure in

Note [33] 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.

2020/21 is mainly due to the higher spending on personal emoluments.

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 corporate services in the 2020/21 Proposed Budget is projected at \$1,079 million, which is higher than the 2019/20 Revised Budget of \$1,010 million by \$69 million. The increase in expenditure in 2020/21 is mainly due to the higher spending on personal emoluments and 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. A summary of the income and expenditure of the HA's 2019/20 Revised Budget and 2020/21 Proposed Budget is set out below –

	2019/20 Revised Budget \$M	2020/21 Proposed Budget \$M
Operating Income	42,598	45,745
Operating Expenditure	(30,240)	(34,325)
Net non-operating income	25	4
Consolidated Operating Surplus	<u>12,383</u>	<u>11,424</u>
Capital Expenditure	<u>18,687</u>	<u>22,880</u>

CONSOLIDATED OPERATING ACCOUNT

- 7.2 The Consolidated Operating Account generates a surplus of \$11,424 million in the 2020/21 Proposed Budget, as compared to the surplus of \$12,383 million in the 2019/20 Revised Budget. The lower surplus is attributable to –
- (a) the deficit in the Rental Housing Operating Account mainly due to the projected increase in various expenditure items as a result of assumed price level adjustment, while in line with past practice, no rent adjustment is assumed; and
 - (b) the lower surplus in the Home Ownership Assistance Operating Account mainly due to less SSF sale completion and higher construction costs and land costs in the year; partly offset by
 - (c) the higher surplus in the Commercial Operating Account mainly due to the rent concession by the HA to retail and factory tenants from October 2019 to March 2020, and the projected addition of new premises in 2020/21.

7.3 The summary by business operation is set out below –

	2019/20 Revised Budget	2020/21 Proposed Budget
	\$M	\$M
Rental Housing	140	(703)
Commercial ^[34]	1,271	1,766
Home Ownership Assistance	10,947	10,357
Net non-operating income ^[35]	25	4
Consolidated Operating Surplus	12,383	11,424

CASH AND INVESTMENT BALANCE

7.4 The projected cash and investment balance at the end of March 2020 and 2021 are summarised below –

	2019/20 Revised Budget	2020/21 Proposed Budget
	\$M	\$M
Cash and Investment Balance at year-end	53,207	56,829

7.5 The cash and investment balance in the 2020/21 Proposed Budget is projected to increase to \$56,829 million, mainly due to the SSF receipts.

Note [34] Operating surplus after exceptional items.

Note [35] The net non-operating income is mainly income from Urban Renewal Authority for the rental flats allocated to affected tenants.

CAPITAL EXPENDITURE

7.6 The capital expenditure in the 2020/21 Proposed Budget is \$22,880 million. The details are summarised below –

	2019/20 Revised Budget	2020/21 Proposed Budget
	\$M	\$M
Construction Expenditure	15,152	19,237
Improvement Works	617	487
Computer Assets, Other Equipment and Motor Vehicles	218	291
Direct Costs and Overheads	2,700	2,865
Total	<u>18,687</u>	<u>22,880</u>

7.7 Compared with the 2019/20 Revised Budget, the capital expenditure in the 2020/21 Proposed Budget is projected to increase by \$4,193 million, mainly due to higher construction expenditure in the year.

LIST OF ABBREVIATIONS

AWT	average waiting time
BEAM Plus	Building Environment Assessment Method Plus
BI	Biennial Inspection
BO	Buildings Ordinance
EMAC	Estate Management Advisory Committee
EV	electric vehicle
FC	Finance Committee
FMSC	Funds Management Sub-Committee
GSH	Green Form Subsidised Home Ownership Scheme
HA	Hong Kong Housing Authority
HD	Housing Department
HKGBC	Hong Kong Green Building Council
HKHS	Hong Kong Housing Society
HKQAA	Hong Kong Quality Assurance Agency
HOS	Home Ownership Scheme
ICU	Independent Checking Unit
IT	information technology
KAs	key activities
KPI	key performance indicator
Letting Scheme	“Letting Scheme for Subsidised Sale Developments with Premium Unpaid”

NGOs	non-governmental organisations
OHSMS	Occupational Health and Safety Management System
HCP	Housing Construction Programme
PRSC	Post-retirement Service Contract
PRH	public rental housing
SBI	Sustainable Building Index
SHC	Subsidised Housing Committee
SSF	subsidised sale flat
WSM	White Form Secondary Market Scheme