

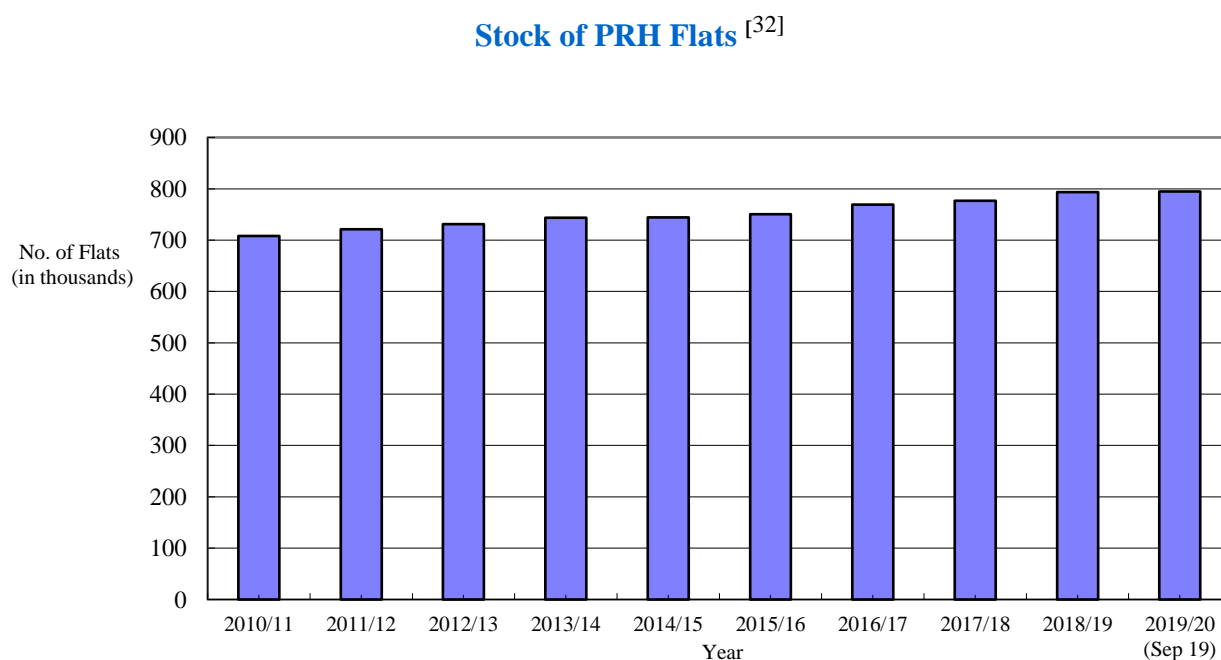
## 6. MAIN OPERATIONS

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.

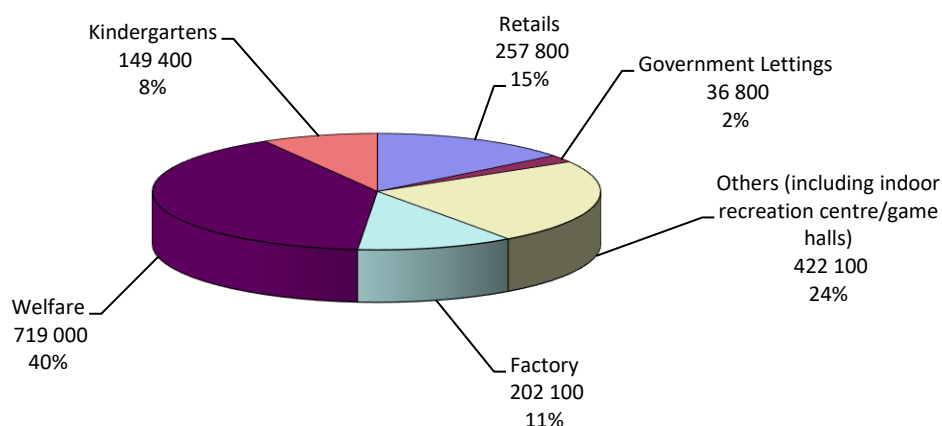
#### **Home Ownership Assistance Operating Account**

- 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 m<sup>2</sup> 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 m<sup>2</sup>)  
As at 30 September 2019  
(Total Space 1 787 200 m<sup>2</sup>)**



### *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<sup>[33]</sup>, 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

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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.