

6. MAIN OPERATIONS

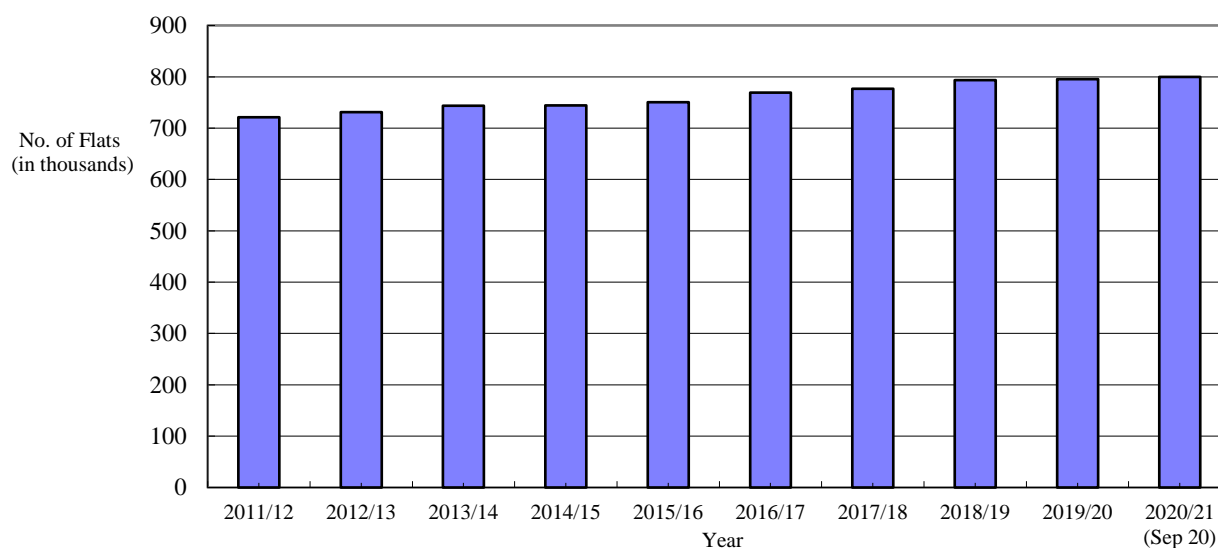
6.1 The operations and activities of HA lie in six main areas, namely development and construction, subsidised housing, commercial properties, building control, procurement, and corporate services. In the coming year, different operations of HA will continue to focus their efforts to achieve the objectives under the four themes for 2021/22.

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 2011/12 to 2020/21 –

Stock of PRH Flats ^[34]



Note [34] The chart shows the PRH flat stocks from 2011/12 to 2020/21. The position from 2011/12 to 2019/20 is as at end-March of the respective years, while that for 2020/21 is as at end-September 2020.

Budget

- 6.4 The construction expenditure (including the relevant direct costs and overheads) in the 2021/22 Proposed Budget is projected at \$22,084 million, which is higher than the 2020/21 Revised Budget of \$19,668 million by \$2,416 million. The increase in construction expenditure is mainly due to the number of flat production according to the HCP.

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 2021/22 Proposed Budget are projected at \$20,505 million and \$21,691 million respectively. An operating deficit of \$1,186 million is projected in 2021/22, which is higher than the 2020/21 Revised Budget of \$780 million by \$406 million. The increase in operating deficit in 2021/22 is mainly due to the rent waiver for September 2021 granted by HA (partly offset by the full year effect of the rent adjustment which took effect from September 2020) and projected increase in various expenditure items.

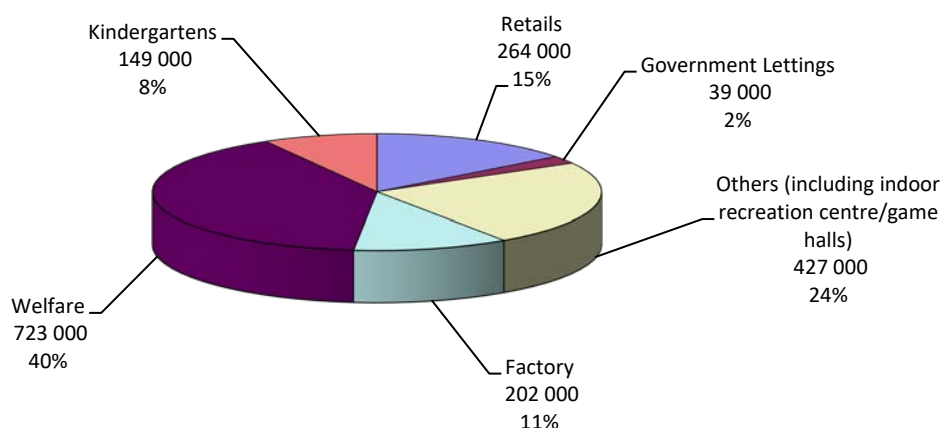
Home Ownership Assistance Operating Account

- 6.7 The income and expenditure of the Home Ownership Assistance Operating Account in the 2021/22 Proposed Budget are projected at \$12,393 million and \$5,956 million respectively. An operating surplus of \$6,437 million is projected in 2021/22, which is lower than the 2020/21 Revised Budget of \$9,465 million by \$3,028 million. The decrease in operating surplus in 2021/22 is mainly due to comparatively less number of completion of assignment of 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 2020, HA ran approximately 1 804 000 m² internal floor area of commercial and other non-domestic properties (excluding schools) and 31 900 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 2020
(Total Space 1 804 000 m²)**



Budget

- 6.10 The income and expenditure of the Commercial Operating Account in the 2021/22 Proposed Budget are projected at \$3,208 million and \$2,068 million respectively. An operating surplus (before exceptional items) of \$1,140 million is projected in 2021/22, which is higher than the 2020/21 Revised Budget of \$945 million by \$195 million. The increase in operating surplus in 2021/22 is mainly due to the rent concession by HA to the eligible non-domestic tenants / licensees in 2020/21, and the projected addition of new premises in 2021/22.

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 2021/22 Proposed Budget is projected at \$236 million, which is higher than the 2020/21 Revised Budget of \$228 million by \$8 million. The increase in expenditure in 2021/22 is mainly due to increase in personal emoluments.

PROCUREMENT

- 6.14 The main operations of procurement are to secure competent and reliable business partners through equitable procurement principles^[35], achieving efficiency, effectiveness and value for money at all times.

Budget

- 6.15 The expenditure for procurement in the 2021/22 Proposed Budget is projected at \$125 million, which is higher than the 2020/21 Revised Budget of \$119 million by \$6 million. The increase in expenditure in 2021/22 is mainly due to increase in personal emoluments and

Note [35] 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.

capital expenditure.

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 2021/22 Proposed Budget is projected at \$1,062 million, which is higher than the 2020/21 Revised Budget of \$1,005 million by \$57 million. The increase in expenditure in 2021/22 is mainly due to increase in personal emoluments and other recurrent expenditure.