

6

MAIN OPERATIONS



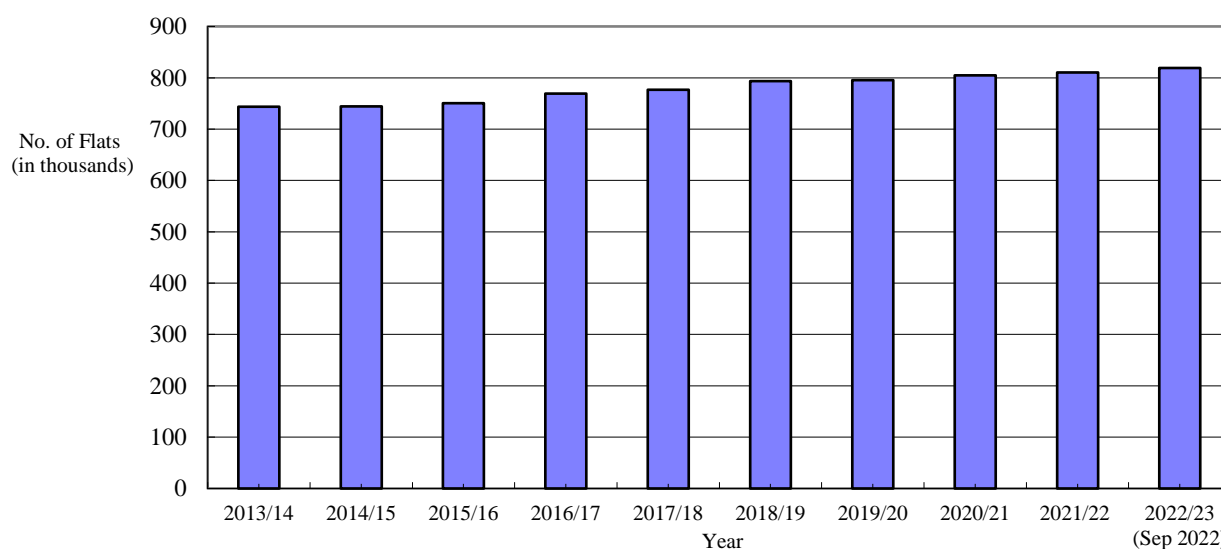
6. MAIN OPERATIONS

- 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 2023/24.

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 2013/14 to 2022/23 –

Stock of PRH Flats ^[19]



Note [19] The chart shows the PRH flat stocks from 2013/14 to 2022/23. The position from 2013/14 to 2021/22 is as at end-March of the respective years, while that for 2022/23 is as at end-September 2022.

Budget

- 6.4 The construction expenditure in the 2023/24 Proposed Budget is projected at \$28,443M, which is higher than the 2022/23 Revised Budget of \$17,643M by \$10,800M, mainly due to significant increase in construction works in that 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 2023/24 Proposed Budget are projected at \$22,618 M and \$22,664 M respectively. An operating deficit of \$46 M is projected in 2023/24, as compared to a surplus of \$639 M in the 2022/23 Revised Budget, mainly due to projected increase in various expenditure items as a result of the addition of new rental flats and the assumed price level adjustments.

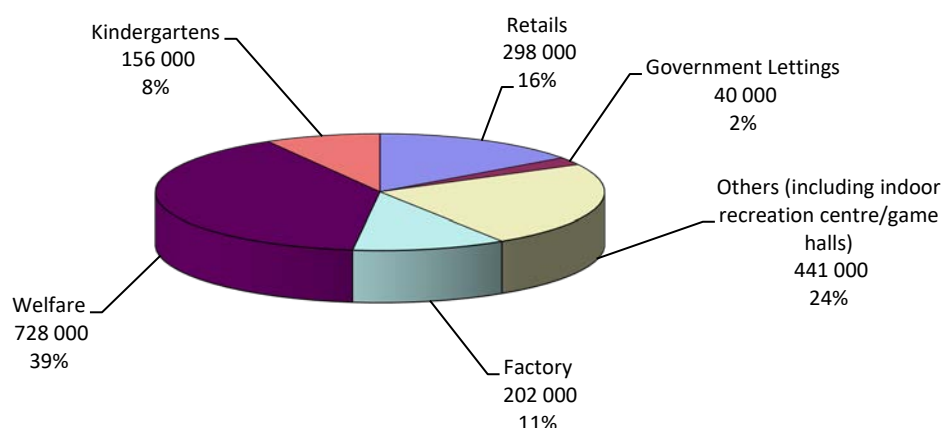
Home Ownership Assistance Operating Account

- 6.7 The income and expenditure of the Home Ownership Assistance Operating Account in the 2023/24 Proposed Budget are projected at \$28,334 M and \$13,366 M respectively. An operating surplus of \$14,968 M is projected in 2023/24, which is higher than the 2022/23 Revised Budget of \$4,213 M by \$10,755 M, mainly due to more estimated number of SSFs completed assignment.

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 end-September 2022, HA ran approximately 1 865 000 m² internal floor area of commercial and other non-domestic properties (excluding schools) and 33 500 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 end-September 2022
(Total Space 1 865 000 m²)



Budget

- 6.10 The income and expenditure of the Commercial Operating Account in the 2023/24 Proposed Budget are projected at \$3,646 M and \$2,360 M respectively. An operating surplus of \$1,286 M is projected in 2023/24, which is higher than the 2022/23 Revised Budget of \$585 M by \$701 M, assuming HA will not offer any rent concession to its non-domestic tenants/licensees starting from 1 July 2023. The opening of new non-domestic premises will also generate additional income.

BUILDING CONTROL

6.11 The Independent Checking Unit (ICU) established directly under the Office of the Permanent Secretary for 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. 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.

Budget

6.12 The expenditure for building control in the 2023/24 Proposed Budget is projected at \$250M, which is higher than the 2022/23 Revised Budget of \$240M by \$10M, mainly due to increase in personal emoluments.

PROCUREMENT

6.13 The main operations of procurement are to secure competent and reliable business partners through equitable procurement principles^[20], achieving efficiency, effectiveness and value for money at all times.

Budget

6.14 The expenditure for procurement in the 2023/24 Proposed Budget is projected at \$141M, which is higher than the 2022/23 Revised Budget of \$128M by \$13M, mainly due to higher capital expenditure.

CORPORATE SERVICES

6.15 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.

Note [20] 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

- 6.16 The expenditure for corporate services in the 2023/24 Proposed Budget is projected at \$1,108 M, which is higher than the 2022/23 Revised Budget of \$1,039 M by \$69 M, mainly due to higher other recurrent expenditure, personal emoluments and higher capital expenditure on improvement works.