

Economic Performance

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Throughout our business operation, the corporate economic sustainability is always valued by us as both a fundamental basis and a core objective. In order to ensure sustainable development in economic aspects and fulfill our commitment of delivering efficient and quality housing services for the public, we have been proactively adopting best practices to optimise resource use, apply cost-effective design, conduct responsible procurement, and search for new technologies.

Financial Performance

The funds of the Housing Authority (HA) are managed in accordance with the approved investment strategies and guidelines. The performance of the fund managers is monitored regularly by the Department and Funds Management Sub-committee (FMSC). To manage the HA's finance in a prudent manner, we conduct monthly reviews for our financial performance and positions and the results are reported to the Finance Committee. We also take into account the latest financial markets situation to review our financial and investment strategies.

Being financially autonomous entity, we generate own funding to support the public housing programmes. Our sources of income include: rental of public housing and commercial properties, sales of surplus Home Ownership Scheme (HOS) flats, and income from the funds investment, etc.

Details of the 2011/12 financial statements are provided in our Annual Report. Summary of the financial performance is highlighted below:

Consolidated Income Statement in 2011/12

Item Description	2011/12 (in HK\$ M)
Consolidated Operating Account Surplus	1 337
Funds Management Account Surplus	3 077
Agency Account Surplus	6
Surplus for The Year	4 420

Consolidated Operating Account in 2011/12

Item Description	2011/12 (in HK\$ M)
Rental Housing Operations Deficit	(601)
Commercial Operations Surplus	598
Home Ownership Assistance Operations Surplus	1 477
Consolidated Operating Surplus before Non-operating Items	1 474
Add: Net Income on Non-operating Items	(137)
Surplus Including Non-operating Items for This Year	1 337

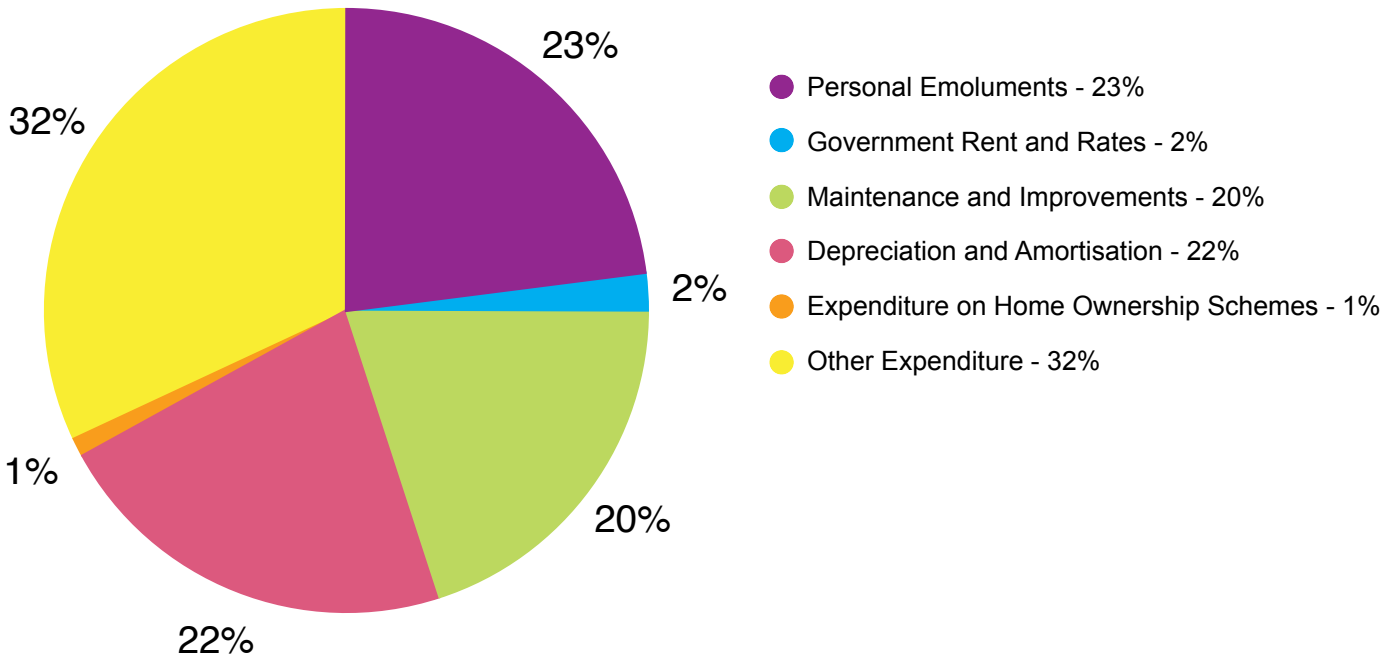
Capital Expenditure for the Fiscal Years 2007/08 – 2011/12

Items	HK \$ M				
	2007/08	2008/09	2009/10	2010/11	2011/12
Construction	4 950	5 845	5 511	6 138	7 291
Improvement Works	162	249	384	471	666
Computer Systems	117	107	127	177	192
Total Capital Expenditure	5 229	6 201	6 022	6 786	8 149

As at 31 March 2012, the HA's available investment funds stood at HK\$ 69 235 million, a decrease by HK\$190 million as compared to 31 March 2011.

During the year, the recurrent expenditure of the HA was HK\$ 12 807 million, i.e. 1 796 million lower than 2010/11.

Analysis of Recurrent Expenditure 2011/12



Initiatives in Planning and Construction of New Housing Estates

Optimising Resources Use

To facilitate the process of public rental housing (PRH) application, the HA introduced a new Waiting List for the PRH Application Form together with a checklist of necessary supporting documents in May 2011. At the same time, a user-friendly web version was also released to allow applicants to fill out the forms online. To accompany this new change, the “Information for Applicants” brochure and a step-by-step guide video were also made available to the public.

Hong Kong Housing Authority
 Housing Department
 Applications Sub-section,
 P.O. Box 89192, Kowloon City Post Office,
 Hong Kong

**APPLICATION FORM
 WAITING LIST
 FOR PUBLIC RENTAL HOUSING**

Applicants should:
 1. read carefully the “Waiting List for Public Rental Housing - Information for Applicants” and the “Sample of Completed Application Form” before completing this Form;
 2. fill in all the information required in this Form and submit the supporting documents concerned (as required under Part 8 “Checklist of Supporting Documents for Public Rental Housing Applications” of this Form), otherwise this Form will be returned and the registration process may as a result be delayed; and
 3. sign against amendments, if any, and avoid using correction materials such as correction fluid or tapes for obliteration, otherwise this Form will be returned.

Part 1 Personal Data (For applications involving over 5 persons, please use an additional form and submit both forms together.)

	Applicant	Family Member	Family Member	Family Member	Family Member
Name in Chinese (if any)					
English	Given Name				
	Surname				
Sex (Please “√”)	<input type="checkbox"/> M <input type="checkbox"/> F	<input type="checkbox"/> M <input type="checkbox"/> F	<input type="checkbox"/> M <input type="checkbox"/> F	<input type="checkbox"/> M <input type="checkbox"/> F	<input type="checkbox"/> M <input type="checkbox"/> F
Date of Birth (Day/Month/Year)	/ /	/ /	/ /	/ /	/ /
Relationship with Applicant	Applicant				
Marital Status (Please “√”)	<input type="checkbox"/> Unmarried <input type="checkbox"/> Married <input type="checkbox"/> Divorced <input type="checkbox"/> Widowed <input type="checkbox"/> Under divorce proceedings	<input type="checkbox"/> Unmarried <input type="checkbox"/> Married <input type="checkbox"/> Divorced <input type="checkbox"/> Widowed <input type="checkbox"/> Under divorce proceedings	<input type="checkbox"/> Unmarried <input type="checkbox"/> Married <input type="checkbox"/> Divorced <input type="checkbox"/> Widowed <input type="checkbox"/> Under divorce proceedings	<input type="checkbox"/> Unmarried <input type="checkbox"/> Married <input type="checkbox"/> Divorced <input type="checkbox"/> Widowed <input type="checkbox"/> Under divorce proceedings	<input type="checkbox"/> Unmarried <input type="checkbox"/> Married <input type="checkbox"/> Divorced <input type="checkbox"/> Widowed <input type="checkbox"/> Under divorce proceedings
Hong Kong Identity Card (H.K.I.C.) No.	()	()	()	()	()
Hong Kong Birth Certificate No. (if H.K.I.C. not yet issued)	Not Applicable	()	()	()	()
Date of Entry (Month/Year) (if not born in Hong Kong)	/ /	/ /	/ /	/ /	/ /
If having disability as at Note 1, please “√”	<input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> 6	<input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> 6	<input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> 6	<input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> 6	<input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> 6
If residing at Elderly Care Centre, please “√”	<input type="checkbox"/> Subvented <input type="checkbox"/> Private	<input type="checkbox"/> Subvented <input type="checkbox"/> Private	<input type="checkbox"/> Subvented <input type="checkbox"/> Private	<input type="checkbox"/> Subvented <input type="checkbox"/> Private	<input type="checkbox"/> Subvented <input type="checkbox"/> Private
If receiving CSSA ^(a) , please “√”	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
If pregnant over 16 weeks, please “√”	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Contact Tel. No. of Applicant: (Home)		(Mobile)		(Office)	



Sample of revised PRH Application Form and brochure

The Express Flat Allocation Scheme (EFAS) provides the opportunity for eligible applicants to take fast track in the allocation of PRH flats. Most of the units allocated under the current EFAS are less popular vacant units in older estates or located in remote areas etc. The latest application phase of EFAS was closed on 2 August 2011.



Qualified applicants may receive a PRH flat through the flat selection

The HA's largest integrated commercial centre Domain, a new exciting landmark in Kowloon East, is scheduled to launch by end of 2012. With a retail floor area of approximately 45 000 square metres, this eight-storey commercial building will host about 150 shops categorised into 6 domains and offer a great variety of attractions for the public.



Domain offers a great variety of social and commercial experiences

Operation with Cost-Effectiveness

Management and Procurement Practices

To continue improving procurement practices and raise service standards through tendering scoring measures, we employed a two-envelop tendering system where applicable, for example complex building and piling contracts. In addition, we also implemented “Integrated Contract” in the large-scale project in the Kai Tak Area 1B project.

The market cost trend and adequacy of the project budgets were closely monitored. According to the latest tender price movements, the construction cost of the superstructure of PRH was on average about 31% less than that of private sector residential buildings of comparable quality.

We have started to conduct writ search during short listing and tender assessment for the lowest three tenders or top three scorers of works contracts since 2009, in order to ensure financial capability of contractors or service providers.

To strengthen the upstream quality control of building materials and components, we have implemented product certifications for timber doors, panel wall partitions, tile adhesives, ceramic tiles, repair mortars, aluminum windows and cement products.

The HA participated in the Construction Industry Council (CIC) Task Force on domestic sub-contract documentation, and helped to develop a draft on the standard domestic sub-contract conditions for general application to major trades / domestic sub-contracts to enhance the HA’s sub-contracting arrangement.

In order to acknowledge outstanding performance in estate management services in the HA properties, the HA has been organising annual Estate Management Services Contractors Awards. This year’s ceremony was held in February 2012, with 24 awards presented to car park operators and contractors providing property management and maintenance, cleansing and security services, encouraging them to continue providing quality services to the residents.



Ceremony of the Estate Management Services Contractors Awards 2011

Quality Buildings

Since 1950s, the public housing in Hong Kong has evolved through a number of generations, from the standard housing blocks in the early years, to the recent non-standard building designs (e.g. Kwai Luen Estate and Shatin Pass Estate as shown below) in order to optimise site development potential and the use of a site's unique features to serve residents better. These new designs are able to utilise land resources more efficiently. Our new estates have been planned in a comprehensive manner, taking into consideration the local community and the Government requirements, with an aim to providing the essential facilities while optimising the development potential. For example, by using Micro-climate Studies during planning, the new buildings can enjoy better natural ventilation and lighting in both common areas and individual flats. In addition, the Universal Design principles help to cater facilities accommodating residents of different ages and physical abilities.



Kwai Luen Estate (left) and Shatin Pass Estate (right) incorporating non-standard design

In 2011/12, we have constructed about 11 200 PRH flats, 1 500 square metres of gross floor area for retail facilities, and 460 car / lorry parking spaces.

To ensure sustainable development, we continuously work with all concerned Government departments to identify suitable sites for future public housing development.

Enhance Efficiency with Information Technology

To help tracking the logistics and workflow on a number of key building components (i.e. precast façades, windows, timber doors and metal gatesets), we have included the application of Radio Frequency Identification (RFID) in new building contracts. The pilot application of the RFID was successfully completed on the components under two building contracts.

We widened the application of the Building Information Modelling (BIM) in all disciplines for better planning, design and construction of selected projects. The use of the BIM for cost estimation, lighting analysis and landscape architecture was explored. The cross-divisional Drawing Management System was successfully rolled out by the end of 2011.

Initiatives in Existing Housing Estates

Optimising Resources Use

To be able to react quickly to the changing social and residential conditions, the HA relies on the flexibility to adjust occupancy of PRH flats on a timely basis. Such flexibility is achieved through a number of effective schemes, such as the Territory-wide Overcrowding Relief Transfer Scheme, Living Space Improvement Transfer Scheme, Internal and Special Transfer Schemes and Express Flat Allocation Scheme (EFAS).

- The Territory-wide Overcrowding Relief Transfer Scheme provides assistance to families occupying less than 5.5 square metres of internal floor area per person to improve their living conditions. In 2011/12, two exercises were conducted. A total of about 820 overcrowded families moved into larger size units, which reduced the total number of “overcrowded” households to 3 190 (0.45% of all the PRH households) by 31 March 2012.
- The Living Space Improvement Transfer Scheme aims to offer relief to those households that occupy an internal floor area per person of less than 7 square metres. In the exercise conducted this year, 1 380 households have moved into larger units.
- The Internal Transfer Scheme (within the same estate) and Special Transfer (between different estates) Scheme were designed to address the particular needs of households experiencing medical or social challenges that can be mitigated by a change of accommodation. About 5 160 families benefited from these two schemes.
- To reduce the rate of vacancy, the EFAS offers a fast track for those applicants who are willing to moving into less-popular PRH flats. In the EFAS exercise conducted in July 2011, a total of 47 100 applications were received. Throughout 2011/12, about 1 780 families benefited from the scheme. In addition, an incentive of 50% rent reduction for eight months was offered to those households that accept units vacant for more than 12 months but less than 24 months and 50% rent reduction for twelve months for those households that accept units vacant for 24 months or more. A total 1 450 tenants received this financial benefit under this initiative within the last year.

Resumption of Home Ownership Scheme

In response to the aspirations of low and middle-income families to buy their own homes, the Government announced the resumption of the HOS. The Government plans to provide some 17 000 units over the four years from 2016-17 onwards. The actual number of flats to be rolled out will be subject to the prevailing circumstances at the time. The HA has agreed to adhere the established arrangements for the sale of future HOS flats. As in past practice, the actual flat prices, the allocation ratio between Green Form and White Form (WF) applicants, as well as the income and asset limits for the WF applicants will be decided about one to two months prior to the sale of the HOS flats to take into account the latest economic data.

Combat Tenancy Abuse

The PRH resources are very valuable to the society, therefore we take serious measures to safeguard the proper use of these resources. To provide necessary resources to only those who genuinely need them, the HA performs regular reviews on the latest financial status of tenants. Besides conducting periodic checks by frontline staff, and having tenants fill out the mandatory biennial income/assets declaration, we also refer any suspicious cases to the Public Housing Resources Management Sub-section (PHRM) of the Housing Department for investigation. In 2011/12, the PHRM conducted thorough income and assets checks on some 5 800 households and investigated about 8 500 occupancy-related cases. In the past year alone, 470 PRH flats were recovered on tenancy abuse, which were 150 more than the previous year. The PHRM also launched series of public programmes such as visited Estate Management Advisory Committees (EMACs) and advertised in EMAC Newsletters, posters, leaflets, banners as well as online promotional video to increase public awareness of the need to allocate public housing resources to those with the most pressing needs.

Sometimes we have to evacuate tenants from their homes to implement the estate redevelopment and clearance programme. About 4 180 households were relocated due to this programme in 2011/12. On the other hand, the clearing of squatters and illegal rooftop structures carried out by the Lands Department and the Buildings Department required occupants to be moved immediately. Accordingly, we processed a total of 190 applications for such relocation during the year 2011/12.

As one effective way to reduce misdeeds to the PRH properties, we continue to implement the Marking Scheme for Estate Management Enforcement. The scheme was publicised through broadcasting in the Housing Channel, posters and leaflets. Enforcement action against unauthorised dog keeping was strengthened with the timely updated record of license renewal of the permitted dogs.

Rent Adjustment and Assistance Policies

Aiming to help low-income families and individuals in need to gain access to affordable housing, the HA serves about two million Hong Kong people living in a total of some 720 000 PRH flats. As at the end of March 2012, the average waiting time (AWT) for general Waiting List applicants (excluding non-elderly one-person applicants under the Quota and Points System) was 2.6 years, while the AWT for elderly one-person applicants was 1.3 years.

According to the latest Public Housing Construction programme, in the next five years, approximate 15 000 additional flats on the average are going to be built each year.

The HA conducts a review of the PRH rent every two years. Under the current rent adjustment mechanism, tenants' affordability is the basis for determining PRH rent, which is adjusted upwards or downwards in accordance with changes in PRH tenants' household income. As of March 2012, the PRH rents were set between HK\$ 261 – 3 525 per month, which equaled to an average monthly rate of about HK\$ 1 397.

When tenants experience temporary financial difficulties, our Rent Assistance Scheme (RAS) is there to help. The scheme may grant applicants with a rent reduction of 25 or 50% depending on their particular circumstances. There were close to 11 800 families receiving this assistance by the end of March 2012. RAS was publicised through broadcasting at Housing Channel, posters, leaflets and EMAC newsletters to raise public awareness on the benefits and application procedure of the scheme.

Optimising Resources of Commercial Properties

The achievement against the targeted key performance indicators (KPIs) of the commercial portfolio was carefully monitored. As at the end of March 2012, the vacancy rate, rent arrears rate and operating expenditure to income ratio as listed below were well within the KPI targets.

Achievements as related to KPIs in 2011/12

Description of KPIs	Percentage
Vacancy Rate	4.3%
Rent Arrears Rate	1.8%
Operating Expenditure to Income Ratio	56.1%

The standard tenancy agreements for commercial premises were strengthened to tackle cases of non-trading during normal business hours as well as abate abusive use in retail premises. Tenants would be obliged to comply with the shop front design and display standard as laid down in the tenancy agreement.

The HA currently has 27 major shopping centres across Hong Kong. In order to identify room for improvement and optimise their resources, the HA has conducted a number of strengths-weaknesses-opportunities-threats (SWOT) analyses on the retail and car parking premises. As part of the results from our analyses, shopping centres in two estates would require major renovations to upgrade the facilities and attract more customers. Improvements have also been carried out to optimise trade profiles such that retailers can also enjoy better business environment with enhanced shopping experience to customers. Free Wi-Fi hot spots have been provided in 26 major shopping centres, water saving devices were installed in retrofitting toilets of 21 shopping centres, and electrical vehicle charging spots were offered in the carparks of Choi Tak, Yau Lai, Kwai Chung and Shui Pin Wai Estates. Installation of the equipment for automation and electronic payment system was completed in most carparks. Only a few carparks with site constraints were subject to further technical feasibility studies.

Electrical Vehicle Charging Spots



Yau Lai Carpark



Choi Tak Carpark

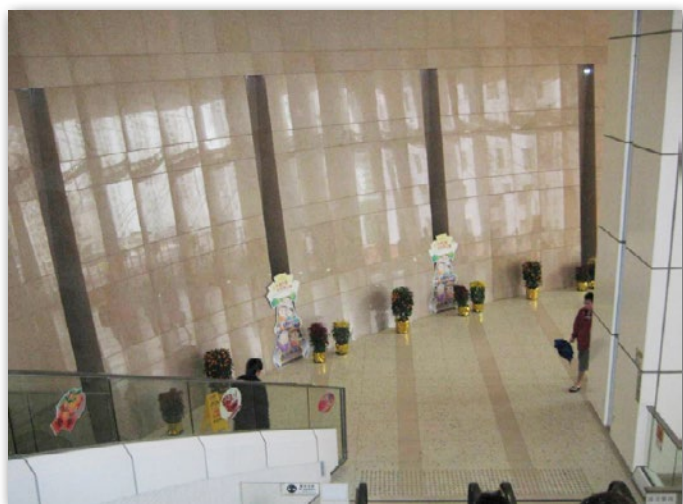


Kwai Chung Carpark

Another finding based on the SWOT analyses was that 11 car parking facilities would be potentially more cost effective if converted to other usage. Therefore, we have completed the following initiatives in the year 2011/12:

- Shek Pai Wan Carpark: converted and leased to two NGOs;
- Nam Shan Carpark: converted for use as tertiary educational institution; and
- Ping Shek Carpark: open tender to convert the ground floor space to shops.

Shek Pai Wan Carpark



Before conversion



After conversion (leased to two NGOs)

Nam Shan Carpark



Before conversion



After conversion (used as tertiary educational institution)

During the year, we launched an annual promotion programme covering major festivals and events for the HA's major shopping centres. Festive decorations were arranged for 13 selected shopping centres. Promotional activities including carnivals, variety shows, game booths, handicraft workshops, lucky draws, and gift and cash coupons redemption were organized in seven major shopping centres, bringing an average increase of footfall by 50% during the festival period.

Operation with Cost-effectiveness

Keeping quality and functional condition of our PRH estates is important for us in providing housing services to the public, while ensuring cost effectiveness related to operation and maintenance. Along with the implementation of the Total Maintenance Scheme (TMS), Responsive In-flat Maintenance Services (RIMS) and other improvement programmes, we have completed repairs and redecoration works in 15 estates, as well as lift installation works to domestic blocks without lift services in 5 estates. Furthermore, we have also installed Horizontal Life-line Systems in 30 estates, in order to enhance safety for building operations at height.

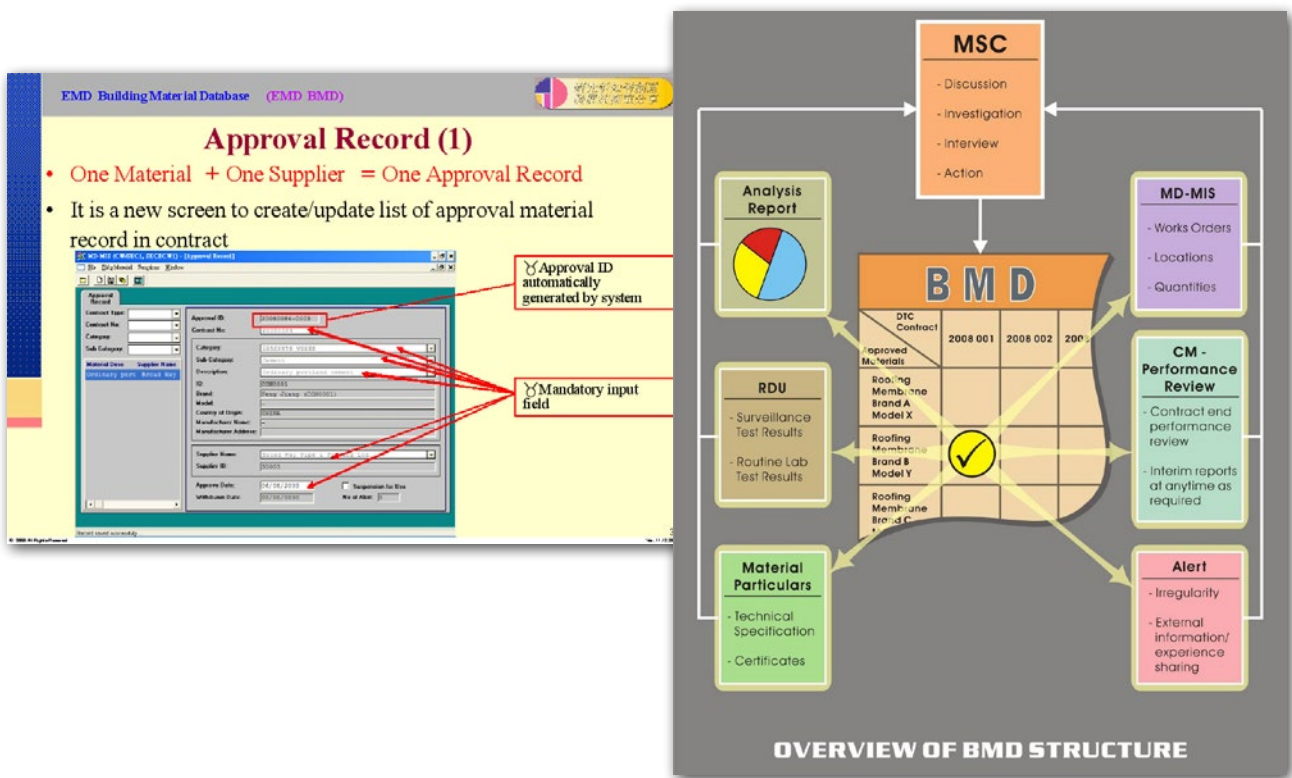


Total Maintenance Scheme



Responsive In-flat Maintenance Services

As an enhancement to the Maintenance Division Management Information System, the Building Materials Database System was launched in June 2011 which aimed to assist the maintenance staff to report the performance of commonly used repair materials.



Building Materials Database System

Management and Procurement Practices

To manage our PRH estates more effectively, we have introduced an alternative outsourcing model for property service contracts. During the past year, we have awarded a total of 13 property service contracts (9 in Enhanced Property Services Agency mode and 4 in Property Management Agency mode). In requiring our contractors to observe the requirements of the statutory minimum wage (SMW), we have implemented the revised procurement arrangement for cleansing and security

service contracts starting May 2011. For those contracts tendered before May 2011, we have also arranged the top-up payment for them to help alleviate the financial impact due to adopting the SMW.

During the year, we reviewed the management contracts of 90 carparks and the procurement arrangement was changed from revenue sharing type to reimbursement basis from June 2011.

Comprehensive Structural Investigation Programme

As part of efforts to maintain the aged PRH estates, we performed the comprehensive structural investigation on three estates, i.e. Hing Wah (II), Cheung Ching and Nam Shan in the year. Based on the detailed investigation, we established the structural repair and improvement works for the estates assuming that they would be retained for at least 15 years.



Cheung Ching Estate



Hing Wah (II) Estate



Nam Shan Estate

Initiatives in Office at Work

Management and Procurement System

Throughout our management and operation of development and construction work, we continue to implement quality and environmental management system in compliance with ISO 9001:2008 and ISO 14001. A new standard of ISO 50001 Energy Management System was released in June 2011. In view of improving energy performance in our domestic building design, we implemented the energy management system in-house by end of 2011, and planned to achieve the third party certification by 2012.

To implement building control measures in accordance with the Buildings Department in the HA's new construction projects and existing properties, we have processed 641 building submissions, 1 542 structural submissions and 824 consents for new developments within the respective pledge periods. A total of 17 occupation permits and 114 structural certificates of completion for new works projects were issued. We also processed 1 773 applications for alternation and addition works to former HA's buildings within the statutory periods and 1 140 licensing referrals within the pledge periods, as a result of enforcing the Buildings Ordinance under delegated authority from the Building Authority in the former the HA's properties.

Four seminars were organised for staff members to provide information of the common pitfalls during the procurement of general goods and services. Briefing sessions were also provided for contractors and professional services providers from time to time to disseminate the HA's procurement requirements.

The HA's contractor lists were reviewed on an annual basis. The reference lists of carpark operators, property management agents (shopping centre) and valuers for premium assessment were replaced by an open tendering system in January 2012.

To respond to changes in service requirement, we regularly review the manpower plan and human resources management policy, making suitable re-deployment where practical to meet the additional staffing requirements arising from implementation of new initiatives and changes in service needs.

Effective Property and Tenancy Services

To provide the PRH tenants with more convenient internet connection, free Wi-Fi services were extended to cover all the 26 shopping centres in late 2011. Hot spots were also available at the ground floor lift lobbies of 860 the PRH blocks and outdoor recreational areas of 161 the PRH estates as at March 2012. Each PRH household was given a log-in account and a password. After a simple registration process, they could immediately enjoy a free Wi-Fi service at designated locations.



PRH designated areas marked with the logo (left) and free Wi-Fi service provided in the HA's shopping centres

To enhance customer service in the estate offices, the final stage installation of customer service kiosks for rent position enquiry was completed in 81 estate offices in May 2011. A feasibility study on the implementation of the Customer Service Management System (CSMS) was also completed in April 2011. Development of the CSMS was started in March 2012. It has been decided that the CSMS will be implemented in all the HA's public rental housing estates.

Enhance Efficiency with Information Technology

In the past, various new initiatives on information technology (IT) have been applied by the HA to improve operational efficiency and enhance customer service.

For example, to modernise legacy enterprise applications for improving overall effectiveness, Phase 1 of the Enterprise Resource Planning (ERP) project was launched in September 2011 to provide integrated functions for finance and procurement. An interface was successfully implemented to connect the ERP and Housing Construction Management Enterprise System (HOMES) to enhance the functions of budgeting, payment and knowledge management.

We had a detailed consultancy study conducted, in view of developing a new IT strategy to meet the HA's overall business plans in the coming years.

Furthermore, we benchmarked our implementation of the best practices in the management of IT operations and service delivery with the requirements of the relevant international standards, and performed the external audit for ISO 20000 certification in March 2012.