

# ECONOMIC PERFORMANCE

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- ◆ Financial Performance
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The Hong Kong Housing Authority (HA) strives to achieve economic sustainability in its daily operation. While caring about economic and social development, we are committed to providing high quality and affordable housing for the public through maintaining cost effectiveness and high efficiency from planning and construction to management and procurement.



## Financial Performance

The HA is a financially autonomous entity. To support public housing development, it generates income from rental of public housing and commercial properties, sale of subsidised sale flats, and fund investment.

The Finance Committee (FC) advises on financial policies and issues, and monitors the financial performance of the HA. The FC, with the assistance of its Funds Management Sub-Committee, also reviews the HA's investment strategy and position from time to time.

To manage our finance in a prudent manner, we have carried out monthly reviews of the financial positions of the HA and reported the results to FC regularly. In addition, we have reviewed the financial management practice when necessary, and monitored and evaluated our financial planning and budgeting process.

Details of the 2016/17 financial statements are provided in [the HA's Annual Report 2016/17](#). A summary of our financial performance is highlighted below:

Consolidated Results in 2016/17	
Item Description	HK\$ million
Consolidated Operating Account Surplus	3,010
Funds Management Account Surplus	2,319
Agency Account Deficit	(12)
<b>Surplus for the Year</b>	<b>5,317</b>

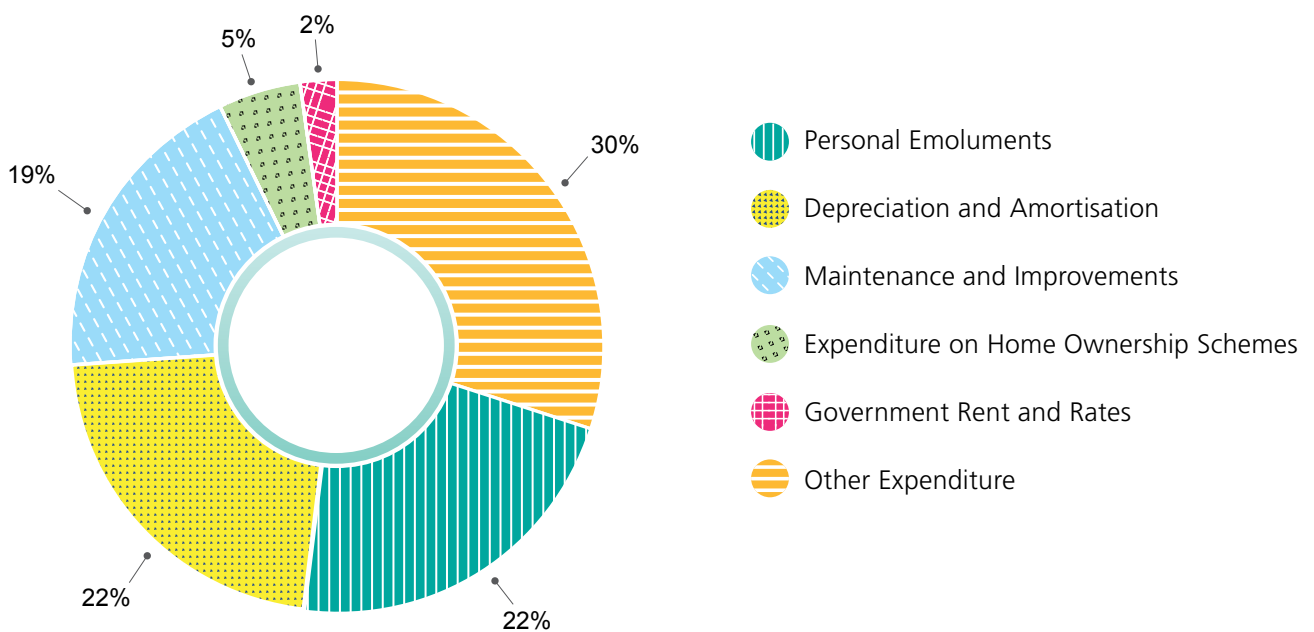
Consolidated Operating Account in 2016/17	
Item Description	HK\$ million
Rental Housing Operating Surplus	326
Commercial Operating Surplus	1,266
Home Ownership Assistance Operating Surplus	1,403
Sub-total	2,995
Net Non-operating Income	15
Consolidated Operating Account Surplus	3,010

## Capital Expenditure for Financial Years 2012/13 to 2016/17

Items	2012/13 (HK\$ million)	2013/14 (HK\$ million)	2014/15 (HK\$ million)	2015/16 (HK\$ million)	2016/17 (HK\$ million)
Construction	8,639	8,911	11,945	17,411	16,766
Improvement works	682	657	646	812	659
Computer equipment/ motor vehicles	189	153	134	129	105
<b>Total Capital Expenditure</b>	<b>9,510</b>	<b>9,721</b>	<b>12,725</b>	<b>18,352</b>	<b>17,530</b>

As at 31 March 2017, the HA's funds available for investment stood at HK\$48.9 billion, which was decreased by HK\$7.7 billion as compared to 31 March 2016. During the reporting year, the recurrent expenditure of the HA was HK\$16,950 million, which was HK\$501 million higher than that of 2015/16.

## Analysis of Recurrent Expenditure 2016/17





## Initiatives in Planning and Construction of New Housing Estates

The HA strives to cater to the housing needs of low-income families. To achieve this mission, the HA has been developing and implementing public housing programmes. In 2014, the Government promulgated the Long Term Housing Strategy (LTHS) with a view to gradually averting the supply-demand imbalance in housing. Along with the strategic directions under the LTHS towards providing more public rental housing (PRH) units and subsidised sale flats, we are dedicated to providing more public housing units to meet the housing needs of low to middle-income families, as well as ensuring the rational use of existing housing resources.

According to the projection results announced in December 2016, the total housing supply target for the ten-year period from 2017/18 to 2026/27 was 460,000 units. According to a public/private housing supply split of 60:40, the supply targets for PRH units and subsidised sale flats were 200,000 units and 80,000 units respectively. As for the HA, we rolled out a five-year Public Housing Construction Programme which targets at producing about 70,700 PRH units and 21,000 subsidised sale flats from 2016/17 to 2020/21 inclusively.

To ensure the housing supply meets the Government's target in the LTHS, the HA has been closely liaising with all concerned Government bureaux and departments to provide suitable and "spade ready" sites for public housing development. With the assistance of these Government bureaux and departments, the HA carries out comprehensive site selection studies and optimises the development potential of the land and facilities to maximise public housing supply under appropriate planning and design. The HA will continue to closely communicate with the concerned Government bureaux and departments and adopt extensive planning and site-specific design for housing supply optimisation.

### Provision of Public Rental Housing

In 2016/17, the HA completed 11,300 new PRH units in a total of seven projects, including Wah Ha Estate, On Tai Estate, On Tat Estate (Anderson Road Site D), On Tat Estate (Anderson Road Site E), Long Shin Estate, Shui Chuen O Estate Phase 3 and Shui Chuen O Estate Phase 4. We also completed around 1,900 square metres of retail facilities and around 520 private car and lorry parking spaces.



▲ Shui Chuen O Estate



▲ On Tat Estate

## Managing the Home Ownership Scheme

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The provision of Home Ownership Scheme (HOS) flats is one of the HA's major initiatives. Under the HOS, the HA is responsible for planning and providing subsidised sale flats to eligible applicants at selling price lower than the market value, aiming at helping low- to middle-income families to achieve home ownership. The scheme, meanwhile, can also provide an avenue for better-off PRH tenants to achieve home ownership, thereby releasing their PRH units for others in need.

After completion of sale of the first batch of new HOS flats in August 2015, the second batch of 2,657 new HOS flats (scheduled for completion in 2018) was sold out in October 2016. The pre-sale of the third batch of 2,057 new HOS flats (scheduled for completion in 2018/19) was launched at the end of March 2017.

The first batch of new HOS projects, comprising 2,160 flats, includes Wang Fu Court, Ching Chun Court, Mei Ying Court, Mei Pak Court and Sheung Chui Court. These developments were completed and the flat in-take by owners has been started from early 2017 onwards.

Apart from the provision of new HOS flats, the HA endorsed the introduction of the Green Form Subsidised Home Ownership Pilot Scheme (GSH) in 2015. The scheme identifies suitable PRH development under construction for sale to Green Form applicants (mainly PRH tenants and PRH applicants who have passed the detailed eligibility vetting and obtained a Green Form Certificate), with prices set below the level of HOS flats. The PRH development at San Po Kong, which provides a total of 857 flats, was selected for conversion to GSH, and pre-sale was launched in October 2016. By mid-February 2017 all the flats have been sold, and are expected to be ready for occupation by mid-2017. The HA will review the effectiveness of the scheme and decide whether to proceed with other GSH project(s).

In 2013, the HA launched an interim scheme with a quota of 5,000 to enable eligible White Form applicants to purchase flats in the HOS Secondary Market without payment of premium. Over 2,400 White Form applicants were able to purchase their own homes under the scheme. In August 2015, the HA implemented a new round of the interim scheme, with a quota of 2,500. Up to the end of March 2017, over 1,600 applicants have successfully achieved home ownership through this round of the interim scheme. Once the second round has been completed in the first half of 2017, the HA will review the scheme and decide on its future.

## Optimising Use of Resources

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### Management and Procurement Practices

The HA endeavours to improve the management and procurement system by enhancing the operational efficiency and maintaining our business partners' service quality. During the year, the HA continued to maintain the list of contractors, sub-contractors and service providers under our pre-qualification requirements and a two-envelope tendering system where applicable. For non-HA list contractors and service providers, the HA also formulated and implemented a set of management procedures for reviewing and monitoring their service quality. The HA also conducted the following procurement process to ensure the service standards of the contractors:

- ◆ Implement a tender scoring system with a price-to-technical ratio and fine-tune various score-weighting mechanism for tender assessment;
- ◆ Apply a "Quarantine" system under the tender evaluation mechanism to ensure the selected supplier is not involved in any serious incidents;

- ◆ Monitor the implementation of the Integrated Contract for Anderson Road Site A and Site B;
- ◆ Implement and monitor the application of the General Conditions of Contract (GCC) in the HA's new work contract;
- ◆ Apply and monitor the on-demand bond requirements to new work contract and nominated sub-contractors;
- ◆ Implement and strengthen procurement practices under the "Guide to Registration of Work Contractors and Property Management Services Providers";
- ◆ Revise the Schedule of Rates (SOR) for Term Contracts for electrical, water supply and fire services maintenance;
- ◆ Outsource Architectural, Engineering, Building Services Engineering and Quantity Surveying Services for selected new works projects to Professional Services Providers to meet the manpower demand.

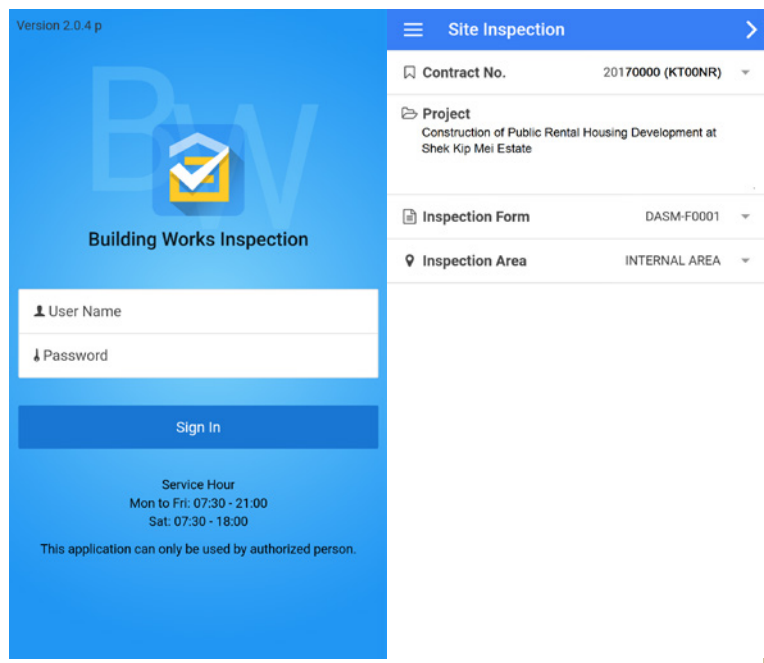
The HA actively works with industry stakeholders to review our procurement initiatives and match them with industry practices. To address the labour shortage, we monitor and review the requirement for Trade Tested Workers and the application of the streamlined Supplementary Labour Scheme (SLS) in new work and maintenance contracts. During the year, no application was submitted to the two schemes. We will review any new applications and enhancements made by the Development Bureau to the scheme.

### Enhance Efficiency of Building Design and Construction with Information Technology

The HA deploys advanced information technologies where applicable to improve the design and construction process of new housing developments.

- ◆ Development and Construction Site Mobile System (DCSMS)

DCSMS is used to assist the HA staff in conducting site inspections, site management tasks and exchange related information with contractors. The system runs with mobile applications under an on-site working environment. During the year, the HA revamped the DCSMS Phase 1 system and developed DCSMS Phase 2 to further enhance the functionality of the system.



▲ Interface of the Mobile Applications under DCSMS

- ◆ Radio Frequency Identification (RFID)

RFID reinforces the efficiency in delivery tracking of building components and tracking construction waste from construction sites. The HA applies RFID for the tracking of building material delivery and construction waste disposal. RFID has been extended to selected Building Services installations.

- ◆ Building Information Modelling (BIM)

BIM is a modelling system for visualising the planned building and enable planning at a higher level of accuracy. During the year, the HA has applied BIM in all disciplines and aspects of planning, design and construction of new projects. Over 45 projects are now using BIM at various stages.

- ◆ Geographic Information System (GIS)

The HA utilises GIS for site potential studies. GIS enables the search and enquiry for a range of spatial and textual data when identifying potential building sites. During the year, the HA performed 17 site potential and feasibility studies with GIS. We also used GIS in the maintenance of centralised drawing records and for location identification in maintenance work orders.

- ◆ Housing Construction Management Enterprise System (HOMES)

HOMES is an online collaboration and knowledge management platform aimed at enhancing the efficiency in managing construction projects. During the year, the HA completed 15 enhancement items of HOMES to improve the functions of budget, payment and contract management.

## Enhancing Building Standards, Quality and Productivity

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The HA aligns its management and operations with international practices. We have been conducting regular internal audits and documents reviews according to relevant standards, including those published by the International Organisation of Standardisation (ISO) and European Foundation for Quality Management (EFQM) Excellence Model in development and construction works.

The Independent Checking Unit (ICU) reports directly to the Office of the Permanent Secretary for Transport and Housing (Housing). It provides third-party checking of the building and structural plans for the HA's new development projects, and processes submissions for alternations and additions in the existing buildings under the HA's purview. In 2016/17, the ICU processed 1,480 building submissions, 1,738 structural submissions, 1,127 consents for New Construction Projects, 2,228 submissions for Alteration and Addition Works and 37,278 submissions under the Minor Works Control System. The ICU also issued 40 occupation permits and 168 structural certificates of completion for new projects. To facilitate risk management for new developments and alteration works, we issued Quarterly Site Monitoring Reports for the active projects. The ICU also conducted several experience sharing sessions on alternation and addition works for professional services providers in September 2016 to explain building control feedback.

Further to structural safety, the Lift Inspection Focus Team (LIFT) inspected 260 new lift installations and 2 new escalator installations during the year. LIFT also conducted sampling inspections of 519 existing lift installations and 56 escalator installations. Accident investigations for 4 lifts and 2 escalators and safety audits for 11 lifts were conducted by LIFT to uphold lift and escalator safety under the HA's management.



To improve the product quality and construction productivity, the HA is engaged in research and development (R&D) activities. The total number of research and development studies was 249 by the end of 31 March 2017. The HA will continue to regularly liaise with stakeholders through platforms including regular meetings, forums and seminars to enhance the product quality and construction productivity, and meeting the housing supply target.

In revamping the choice of construction materials in our construction projects, the HA regularly reviews and updates the General Specification for Maintenance Works to follow the latest market trend and industry practices. During the year, the HA promulgated new and revised specifications for the procurement of materials, including play/fitness equipment, impact absorbing surfacing materials (IASM) and proprietary external furniture. Also, the HA expedited and revised the specification of risk control of material covering the architectural components of aluminium windows, timber doorsets, metal gates and cooking benches in the first quarter of 2017.

In addition to reviewing the material standards, the HA has developed and implemented the Product Certification for 11 selected building material and building services since 2010. The HA targets to implement product certification for paint products in 2017/18. Currently, the following 11 building products require product certification in the HA's construction projects:

- ◆ Fire resistant timber doors
- ◆ Panel wall partitions
- ◆ Packed cement for architectural use
- ◆ Tile adhesives
- ◆ Ceramic tiles
- ◆ Repair mortars
- ◆ Aluminium windows
- ◆ uPVC drainage pipes and fittings
- ◆ Closed-coupled water closet suites
- ◆ Mesh reinforcement
- ◆ LED bulkheads



**Product Certification**  
for **11** selected  
building material and  
building services

To improve cost effectiveness and productivity, the HA has adopted "Lean Design and Construction" in new construction projects. The basic principle is to explore and apply innovative construction methods to save labour, time and resources, enhancing the cost effectiveness and productivity in our construction projects. For new projects, the HA has adopted standard modular design. The standard modular design facilitates precast construction. The HA also closely monitors the market cost trend and the construction cost per flat to achieve cost effectiveness in housing development. According to the latest tender price movements, the construction cost of the superstructure of PRH was on average 48% lower than that of private sector residential buildings of average standard.



During the year, other on-going measures implemented to expedite construction of our new projects included the following:

- ◆ Adopt separate advance hoarding contracts
- ◆ Prepare major Excavation and Lateral Support Work plans
- ◆ Submit a piling record plan and consent for pile cap construction concurrently
- ◆ Liaise closely with Direct Testing Contractors
- ◆ Use draft or preliminary pile test reports for a more efficient processing and reporting process
- ◆ Establish a streamlined joint survey for foundation contract and building contract interface
- ◆ Streamline the checking and approval of material sample submission
- ◆ Implement streamlined inspection procedures
- ◆ Implement streamlined site audits for 7 construction projects consisting of buildings of 30 storeys or less
- ◆ Apply standardised falsework details for precast facades and semi-precast slabs
- ◆ Explore the use of standardised precast elements in suitable projects
- ◆ Use labour saving installation methods



## Initiatives in Existing Housing Estates

### Rent Adjustment and Rent Assistance Policies

The HA conducted the fourth biennial PRH rent review exercise in 2016. The PRH rent was increased at a cap of 10%, with effect from 1 September 2016, notwithstanding an increase of 16.11% in the income index in the period covered by the review. As at March 2017, the rents of PRH range of actual rents charged in different estates across Hong Kong running from around \$350 to \$4,690 per month, including the rates, management fee and maintenance costs. The average monthly rent was about \$1,880.

The HA introduced the Rent Assistance Scheme (RAS) to help PRH tenants with temporary financial difficulties pay their rent. Depending on the level of their income, eligible applicants will be granted either 25% or 50% rental reduction. With further enhancement measures taking effect on 1 September 2016, the frequency of tenant eligibility review was relaxed from once every year to once every two years. The requirement for non-elderly tenants living in newer block types who have received rent assistance for three consecutive years to move to cheaper accommodation within the same District Council was also relaxed to four consecutive years.

To raise the awareness of PRH tenants on RAS, the HA has conducted publicity campaigns through various channels, including the Housing Channel, radio broadcasts, posters, leaflets, the HA website, iHousing, YouTube and estate newsletter, etc. Estate staff also solicited assistance from non-government organisations (NGOs) and local District Council members to refer tenants in need to the estate offices for rent assistance.

### Optimising the Allocation of Housing Resources

In 2016/17, approximately 26,520 PRH flats were allocated to general applicants (i.e., family and elderly one-person applicants) and non-elderly one-person applicants under the Quota and Points System (QPS), while around 7,240 PRH units were allocated to PRH tenants requesting for transfer, households with housing need recommended by the Social Welfare Department for compassionate rehousing, junior civil servants, eligible clearers under government clearance projects, etc.

### Curbing Tenancy Abuse

To ensure the public housing resources are allocated to those with genuine needs, the HA has established a set of stringent policies and a tenancy management framework for preventing tenancy abuse. In 2016/17, our frontline management staff checked some 248,000 biennial declarations of income/assets under the Housing Subsidy Policy, Policy on Safeguarding Rational Allocation of Public Housing Resource and other tenancy management policies. The Public Housing Resources Management Sub-section (PHRM) carried out intensive checking on some 5,000 income/assets declaration cases randomly selected and suspected cases referred by the frontline management staff. In addition, the frontline staff visited around 117,000 PRH flats in the current biennial inspection cycle which commenced in November 2016. PHRM also conducted rigorous investigation on around 6,000 occupancy-related cases.

In light of pressing demand for PRH, the Subsidised Housing Committee (SHC) revised the “Well-off Tenants Policies” starting from the declaration cycle in October 2017. The policies were revised as listed below:

- ◆ PRH tenants with household income exceeding five times the PRH income limits, or with assets exceeding 100 times the income limits should vacate their flats.

- ◆ PRH tenants with private domestic property ownership in Hong Kong should also vacate their flats.
- ◆ For tenants with household income equivalent to two to three times the income limits, they will be required to pay 1.5 times net rent plus rates.
- ◆ For tenants with household income equivalent to three to five times the income limits, they will be required to pay double net rent plus rates.
- ◆ After living in PRH for ten years, tenants will have to declare both their income and assets on a biennial basis.

To further promote the importance of rational allocation of PRH resources, the HA continued the extensive publicity campaign through advertisements on public transport, radio broadcasts, the HA website and the Housing Channel, and display of posters and banners at all PRH estates. The two thematic characters, the “Housing Protector” and the “Housing Abuser”, have visited 40 PRH estates to promote messages on combating tenancy abuse and encourage tenants to report abuse.



▲ Poster for “Fight Tenancy Abuse”



▲ Mascot visit in PRH Estates

In addition, the HA has also organised promotional activities under the theme of cherishing public housing estate resources at 49 PRH estates and conduct outreach visits to the Estate Advisory Management Committee of 12 PRH estates in the year to promote the appropriate use of PRH resources and enlist residents’ support.

### Territory-wide Overcrowding Relief Exercise and Living Space Improvement Transfer Scheme

To enhance the living environment of overcrowded families living in PRH, the HA commenced the Territory-wide Overcrowding Relief (TWOR) exercise and Living Space Improvement Transfer Scheme (LSITS). Tenants with less than seven square metres of internal floor area per person may apply for transfer to a larger flat under the schemes. In 2016/17, the HA completed one TWOR exercise and one LSITS exercise and around 1,700 households were rehoused under the two schemes.

## Maintenance and Enhancement of Buildings

The HA devotes abundant resources to maintenance and enhancement of existing housing estates, with a focus on the improvement of building safety and quality and reducing operation cost. Under the Total Maintenance Scheme (TMS), the HA commenced the in-flat inspection programme, as a continuous initiative in 13 estates during the year. In addition, Responsive In-flat Maintenance Services (RIMS) were provided to all PRH estates, a total of 219 as at March 2017. To prolong the useful life of aged estates, the HA continued to implement the Comprehensive Structural Investigation Programme (CSIP) and Estate Improvement Programme (EIP) for older estates as scheduled.

The major maintenance programmes carried out during the year include the following:

- ◆ Survey for improvement works in all 64 PRH estates which fall within the ambit of the Fire Safety (Building) Ordinance and Fire Safety Improvement Reports for 13 PRH estates have been completed in 2016/17;
- ◆ Replaced laundry pole holders in 170,000 units under the Laundry Rack Enhancement Programme;
- ◆ Replaced collapsible gates in 59,000 units under the Collapsible Gate Enhancement Programme (as at end of March 2017);
- ◆ Completed lift addition projects under the Lift Addition Programme as scheduled;
- ◆ Replaced 107 old lifts under the Lift Modernisation Programme.

The HA has also deployed information technology to assist in maintenance work. Some examples are as follows:

- ◆ Used GIS for location identification in maintenance work orders.
- ◆ Enhanced existing library system by replacing hardcopy geotechnical and slope maintenance reports with electronic copies. Also enabled users to browse through the library collections via the HA network.
- ◆ Used spreadsheet to create electronic template for standard forms (e.g. engineering inspection) to improve accuracy and reduce checking time of the forms.
- ◆ Used geodatabase as the media for slope information communication between Geotechnical Engineering Services Providers (GESPs) and other government departments.
- ◆ Used GIS for location identification of slopes with slope basic information and generation of updated slope record plans to replace the existing hardcopies in e-Housing.
- ◆ Integrated GIS and database technology by setting up an Slope Maintenance Management System (SMMS) to enhance the working efficiency, cost effectiveness of slope maintenance operation (e.g. programme and works order management, slope inventory management, budgeting monitoring, emergency management) and data mining.
- ◆ Used 360 degree camera to capture photosphere of slopes to enhance visualisation of site constraint and emergency inspection, reduce number of site visit and facilitate more effective discussions on site condition. All photosphere taken was stored in SMMS's database for viewing.
- ◆ Applied RFID as a trial for the maintenance of basketball stands, pressure release valves and gauges for water flushing systems, glazed entrance doors for estate offices and commercial centres, external metal gates for ball courts, estate entrances, gardens and refuse collection points in seven estates.

## Redevelopment and Adaptive Re-Use

As reaffirmed in the LTHS and Annual Progress Report 2016 in December 2016 of the HA's policy on redevelopment, while redevelopment may increase PRH supply over the long term, it will in the short term reduce PRH stock available for allocation. The net gain in flat supply will take a long time to realise, very often towards the latter if not the last phase of the redevelopment. Hence, redevelopment can at best serve as a supplementary source of PRH supply. Under the pressing demand for PRH, it is not recommended to conduct massive PRH redevelopment programmes, which lead to freezing of a large number of PRH units that can be allocated to needy households. Echoing the Government's policy, the HA will examine the redevelopment of aged estates on an estate-by-estate basis.

The conversion of the Chai Wan Factory Estate to PRH was completed in the second quarter of 2016. The conversion provides about 200 PRH flats and ancillary facilities for tenants. The first phase of So Uk Estate redevelopment was also completed in 2016, providing about 2,900 PRH units for about 7,600 residents.



▲ Chai Wan Factory Estate was transformed into Wah Ha Estate



▲ First phase of redevelopment of So Uk Estate

## Optimising Utilisation of Commercial Properties

The HA possesses a variety of retail premises and community facilities, including retail shops, car parking spaces, factory premises, community, education and welfare facilities. In considering the planning and management of these premises and facilities, the prime concern is to better support the daily needs of the PRH residents.

### Measures to Better Suit the Community Needs

The HA prioritises catering the basic daily needs of residents in the operation of commercial properties. In response to local demand, the HA has enhanced the trade and tenant mix, provided mobile facilities, arranged trade fairs, and converted less popular retail facilities into other beneficial uses.

In response to the new modes of banking services for better serving the needs of our residents, the HA collaborates with major banks to provide mobile banking facilities in ten selected estates. Also, the HA has arranged leasing of shops to tenants providing logistics services and set up 16 parcel lockers at suitable locations for the growing needs and prevalence of online shopping.

The leasing and trade mix of new retail facilities at two new shopping centres and three PRH estates were meticulously planned and implemented in accordance with the building completion programme and intake of residents.

To enrich the shopping variety, the HA works with small operators and service providers to furnish our tenants and the community with more shopping choices and necessary services. Packaged letting of promotional venues in various shopping centres to small operators and service providers are arranged periodically.

### Enhancing the Leasing and Operation Arrangements of Single Operator Markets (SOMs)

The HA has enhanced the letting arrangements and monitoring mechanism for Single Operator Markets with a view to providing better services to our residents.

### Measures to Enhance Shoppers' Experience

The HA has actively adopted measures to provide an enjoyable shopping experience for customers. Promotion strategies include arranging seasonal decorations during major festivals and special days, organising promotional events or sponsoring venues for charity, cultural and other community building programmes.

- ◆ Organising promotional activities during festivals and opening celebrations of new shopping centres

During the year, the HA organised a total of 30 seasonal decorations and promotional activities including stage shows, game booths, handicraft workshops and redemption activities during festive seasons and special days. Feedback on the programmes was collected for monitoring and reviewing their effectiveness.



▲ Halloween celebration event in Domain



▲ Chinese New Year celebration event in Domain

- ◆ Sponsoring venues for community building programmes

In collaboration with various NGOs, institutions and government departments, a total of 64 community events and activities were held in the HA's shopping centres during the year, such as the Basic Law Exhibition, careers expo, health talk, winter precaution campaign and charity sale etc.



▲ Kick-off Event for The 7th "Quit to Win" Smoke-free Community Campaign



▲ RTHK Media Education Prizing

- ◆ Revamping the shopping environment in shopping centres

To enhance the value of the HA's commercial assets and identify new enhancement opportunities, the HA has formulated a five-year rolling programme for prioritising asset enhancement of the HA's retail and carparking facilities by conducting the Strengths-Weaknesses-Opportunities-Threats (SWOT) analysis of the HA's commercial portfolio. The HA also conducted financial reassessment to review the effectiveness of major enhancement works upon completion.

During the year, the HA completed the improvement works for On Kay Commercial Centre, Kwai Shing West Shopping Centre, Tin Yan Shopping Centre and Yip On Factory. The improvement works in Pok Hong Shopping Centre and Hoi Lai Shopping Centre were in good progress. The HA will continue to monitor the implementation of the improvement works of the earmarked facilities according to the priority set.

- ◆ Provision of free Wifi in selected shopping centres

To keep pace with the information technology development, the HA provides free Wifi to our residents in selected shopping centres. In 2016/17, 28 HA shopping centres were provided with free Wifi service for our residents to improve their shopping experience.

### **Maintaining Domain as an East Kowloon Regional Shopping Centre and Entertainment Hub**

Domain is one of the key shopping centres in the HA commercial portfolio. Located in the East Kowloon, Domain offers a wide variety of shops and entertainment facilities. The HA aims at sustaining Domain as a regional shopping centre and entertainment hub, bringing a memorable shopping experience to local and cross district shoppers.

To deliver quality service and enhance its image and effectiveness, the HA held regular meetings with the management contractors to review their performance and ensure quality customer service. In enhancing the facility management in Domain, the fire rated doors leading to lift lobbies were upgraded to automatic doors for convenient access. Landscape facilities at roof gardens were further enhanced to provide a comfortable and relaxing environment for shoppers.

Kiosks, road shows and festive trade fairs were arranged to widen the choice of products and services for visitors and customers. Domain also organised tailor-made promotional activities, including popular events and seasonal decoration throughout the year. Special themed trade fairs, including "Travel the World", were popular to shoppers and visitors.

To establish brand loyalty, the HA established the Domain Club. As at March 2017, the number of members was around 19,400, representing an increase of 7% over the year.

During the year, the HA worked with NGOs and institutions, such as WWF Hong Kong, HK Council of Smoking and Health, the Occupational Deafness Compensation Board, Hong Kong Red Cross and Haven of Hope Christian Service, to arrange entertaining, cultural, environmental protection and community building events. A total of 20 events were held for the benefit of the community.



▲ Domain

## Performance of Our Commercial Operations

The HA has defined a set of key performance indicators (KPIs) to monitor the performance of the commercial portfolio. These parameters, including the vacancy rate, rent arrears rate and operating expenditure to income ratio, help gauge the effectiveness of managing our commercial portfolio.

Achievements as related to KPIs as at 31 March 2017		
	Targets	Actual
Vacancy Rate for Retail Premises (Shops)	Below 2.5%	2.1%
Rent Arrears Rate	Below 2.5%	1.5%
Operating Expenditure to Income Ratio	Below 60%	51.4%





## Initiatives in Office at Work

Apart from incorporating green elements into construction projects, PRH estates and commercial premises, the HA also aims to achieve better management at the organisational level and in its offices to improve its overall sustainability performance. In upholding management best practices and aligning with international trends, the HA has actively established various international management systems. The certifications and verification acquired are listed below:

Years	Management systems
1993	ISO 9001 Certification on Quality Management
2010	ISO 14001 Certification on Environment Management System
2010	ISO 26000 on Social Responsibility
2012	ISO 50001 Certification on Energy Management System
2013	ISO 19011 Auditing Management System
2013	ISO 31000 Risk Management System
2014	OHSAS 18001 Certification on Occupational Health and Safety Management

Engaging the supply chain can help the HA achieve a larger impact on sustainable development in Hong Kong. The HA, therefore, requires contractors to attain relevant certifications including ISO 9001, ISO 14001, OHSAS 18001 and ISO 50001 before registering in the HA's contractor list. To further monitor the compliance of the contractors, they have been required to sign a "Statutory Declaration" for list admission or on contract renewal since the second quarter of 2013. Besides technical competence, the financial capability of our tenderers is also considered. The HA conducts writ searches for the lowest three tenderers or the top three scorers of new work projects to ensure their financial integrity.

The HA maintains a close partnership and collaborates with key stakeholders to facilitate project delivery and enhance operational performance. During the year, the HA conducted regular briefings, seminars and experience sharing sessions with industry peers. Through communication with our business partners, the HA has also collected feedback to improve the procurement practices. In addition to business partners, the HA also conducted briefing and debriefing sessions, and site visits for contractors in order to disseminate the HA's latest requirements.

## Enhance Efficiency with Information Technology

The HA has continuously invested in information technology to provide reliable digital platforms and IT services to support the HA's business operations and to optimise the operational efficiency. Furthermore, the HA has maintained the accreditation in three major areas, including application software development and maintenance, IT Services Management and Information Security Management. The accreditations are presented below:

Years attained and latest renewal	Accreditations
2008 and 2015	Capability Maturity Model Integration (CMMI) for Development and Maturity Level 3 (CMMI-DEV ML3)
2012 and 2015	ISO/IEC 20000-1:2011 for IT Services Management
2014 and 2017	ISO/IEC 27001:2013 for Information Security Management

The HA has also been continuously upgrading its IT infrastructure and utilising IT solutions to help improve operational efficiency, enhance service quality and customer experience. During the year, the HA:

- ◆ enhanced the Host-based Intrusion Detection System (HIDS) for better security protection for the HA's Internet-facing systems and services in May 2016;
- ◆ upgraded the HA's network infrastructure and database system to enhance capability in supporting the HA's IT system and services in March 2017;
- ◆ implemented an Enterprise Mobility Management Infrastructure (EMMI) in October 2016;
- ◆ implemented the "L10 Pro" electronic tender booklet system in all tenders for new works foundation and building contracts;
- ◆ applied IT to improve design and construction processes (See **Enhance Efficiency of Building Design and Construction with Information Technology** section in this chapter);
- ◆ launched a new automated document approval system in July 2016 to support the handling of collection, consolidation, review and approval of External Document Impact Assessment and approval of Quality Document for the Estate Management Division; and
- ◆ the ICU also reviewed and enhanced the Housing electronic Plan Submission System (HePlan) for professionals to make submissions and the Housing electronic Building Record Online System (HeBROS) for the public to view and purchase HA building records.