

THE HONG KONG HOUSING AUTHORITY

Memorandum for the Housing Authority

Mid-year Review of the Housing Authority 2000/01 Corporate Plan

PURPOSE

This paper presents the mid-year review of the Housing Authority (HA) 2000/01 Corporate Plan.

BACKGROUND

2. To facilitate forward planning in achieving its strategic objectives, the HA has introduced a corporate planning process since 1997. Under this planning process, a strategic plan will first be drawn up by the Strategic Planning Committee to set out the corporate objectives and key initiatives for the forthcoming year. Thereafter, Branch Directors will formulate their business/service plans, covering key programmes, new initiatives and operating budgets of their businesses. A corporate plan, summarizing the HA's key strategies and new initiatives, will be consolidated and published at the end of the planning process.

3. The HA 2000/01 Corporate Plan was endorsed by Members on 27 January 2000 vide Paper No. HA 10/2000. The initiatives therein have been rolling out. This mid-year review aims to report their progress.

PROGRESS

4. A total of 64 initiatives are covered in this corporate plan. Up to 30 September 2000, 53 initiatives (83 %) had either been completed or were on schedule. We anticipate that 4 initiatives (6 %) will be behind schedule while the implementation of 7 initiatives (11 %) has been under review. Although there were delays in some areas, we are confident that we can catch up and achieve most of the targets by March 2001. A summary of the overall progress by business/service is tabulated as follows -

Status of Committed Initiatives

<u>Business/ Service</u>	<u>Total No. of Initiatives Committed</u>	<u>Action Completed</u>	<u>On Schedule/ On-going</u>	<u>Under Review</u>	<u>Behind Schedule</u>
Building	14	-	13	1	-
Rental Housing	12	0	12	-	-
Home Ownership	10	2	4	4	-
Commercial	8	-	6	2	-
Corporate Services	12	-	9	-	3
Finance and Accounting	8	-	7	-	1
Total	64	2	51	7	4

5. Seven initiatives were under review and their current position is set out below.

Initiatives	Current Position	Justifications
<p>1. To improve contractors' performance through implementing Performance Assessment Scoring System (PASS) 2000 and Building Services (BS) PASS. (Building)</p>	<p>Full-scale rolling out of PASS 2000/BS PASS was temporarily suspended.</p>	<p>The programme would be re-scheduled to cope with staff deployment for implementing quality housing reform initiatives.</p>
<p>2. To offer 27,000 Home Ownership Scheme (HOS)/Private Sector Participation Scheme (PSPS) flats for sale. (Home Ownership)</p>	<p>Only 3,956 flats had been offered for sale under Phase 22A in May 2000.</p>	<p>HA endorsed an adjustment in the home ownership programmes in July 2000. The next sale exercise will be held in early 2001. About 10,300 HOS/PSPS flats will be offered for sale in 2000/01.</p>
<p>3. To offer 3,200 flats under Mortgage Subsidy Scheme (MSS) for sale to tenants affected by Comprehensive Redevelopment Programme (CRP) and Cottage Area (CA) clearance. (Home Ownership)</p>	<p>Some MSS projects were reverted to public rental housing (PRH).</p>	<p>After the adjustment in the home ownership programmes, only 1,900 flats will be earmarked for sale under MSS/BRO next year.</p>
<p>4. To offer 3,000 flats for sale to prospective tenants under the Buy-or-Rent Option</p>	<p>Sale of flats under BRO had been withheld.</p>	<p>- ditto -</p>

(BRO). (Home Ownership)		
5. To contract out management of 15 new HOS estates and 4 BRO estates to Property Management Agents (PMA). (Home Ownership)	6 new HOS estates were contracted out to PMA.	Due to the adjustment in home ownership programmes, 4 BRO estates will be transferred to PRH.
6. To formulate a trial 'Build, Operate, Transfer' scheme for commercial facilities. (Commercial)	Pending the recommendations of the Consultancy Study on Future Delivery of HA Retail Facilities for formulating follow-up actions.	The consultancy report will be finalized in early 2001.
7. To review the policy of letting shopping centres to single operators. (Commercial)	Similar to (6) above, the review will be carried out when the consultancy report is completed.	- ditto -

5. On the other hand, four initiatives were behind schedule. The reasons for their delay and the follow-up actions are summarized as follows -

Initiatives	Position as at 30.9.2000	Reasons for slippage and follow-up actions
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<p>1. To launch the first phase of Human Resources Management (HRM) Information System to improve human resources planning. (Corporate Services)</p>	<p>The tender of the new system had been issued and the Tender Evaluation Team was working on the selection criteria.</p>	<p>The programme was delayed due to the need to study a new initiative to expand the scope of the project to include the HA Payroll System. The system will be launched in 2002.</p>
<p>2. To enhance the HA/HD Internet Home Page to facilitate information dissemination to the public in a more user-friendly manner. (Corporate Services)</p>	<p>The infrastructure was being developed and would be completed by end 2000.</p>	<p>The original time goal for completing this initiative was June 2000. Content development will commence upon approval by HD Computer Committee on the scope of content expansion.</p>
<p>3. To outsource IT services. (Corporate Services)</p>	<p>Tender requirements for outsourcing personal computer services and support had been drawn up. Contract terms and conditions were being finalized.</p>	<p>The original time goal for completing this initiative was September 2000. The tender will be issued by end 2000.</p>
<p>4. To implement Phase 2 of the Budgeting and Forecasting Information System. (Finance and Accounting)</p>	<p>Preparation work was in progress.</p>	<p>The original time goal for completing this initiative was July 2000. All Phase 2 functions will be ready for production run by November 2000.</p>

— A detailed report on the progress of individual initiatives is at **Annex A**.

Key Performance Indicators (KPIs)

7.6 To facilitate evaluation of the HA's performance, 17 KPIs have been set in the HA 2000/01 Corporate Plan. Their position as at 30 September 2000 is at **Annex B**.

FINANCIAL PERFORMANCE

8. A summary of the HA's financial performance up to 30 September 2000 is as follows –

	2000/01 Approved Budget (\$M)	Year-to-date Approved Budget (\$M)	Actual Position (\$M)	% against year-to-date budget
Operating Surplus/(Deficit)				
Rental Housing	(1,640)	(819)	(721)	88%
Commercial	1,448	723	990	137%
Home Ownership	<u>15,150</u>	<u>5,235</u>	<u>3,764</u>	<u>72%</u>
Total Operating Surplus	14,958	5,139	4,033	78%
Capital Expenditure	27,442	13,174	12,385	94%
Cash Balance	32,261	N/A	10,633	-

9. The total operating surplus in the first six months was lower than the year-to-date budget by \$1,106M (28%). The under-performance was primarily due to the partial transfer of HOS flats to rental, the adjustment in the sale programmes, as well as the extension of the rental increase waiver for PRH. Notwithstanding the reduction in income, the Department has continued to contain costs and to improve productivity through outsourcing activities and streamlining work processes.

10. The reduction in cash balance was caused by a combination of factors, including the adjustment in HOS sale programmes, switching of some HOS flats to rental, higher construction expenditure, increase in the Home Purchase Loan Scheme (HPLS) quota and a fall in investment income

due to the reduced cash balances.

INFORMATION

11. This paper is for Members' information.

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