

THE HONG KONG HOUSING AUTHORITY

Memorandum for the Housing Authority

Year-end Review of the Housing Authority 1998/99 Corporate Plan

PURPOSE

This paper presents the year-end review of the Housing Authority (HA) 1998/99 Corporate Plan.

BACKGROUND

2. To facilitate forward planning and enhance performance management, the HA has adopted a corporate planning cycle since 1997 for mapping out its strategies in the coming financial year. At the beginning of the planning cycle, a strategic plan which sets out the HA's corporate objectives and key initiatives will be considered and endorsed by the Strategic Planning Committee (SPC). Thereafter, business/service plans will be drawn up by Branch Heads for endorsement by their relevant committees to ensure that a coherent and effective set of policies and programmes will be put in place to achieve the HA's corporate objectives. A corporate plan, summarizing the HA's key strategies and new initiatives for different businesses, will be consolidated and published at the end of the planning cycle.

3. The HA 1998/99 Corporate Plan was endorsed by the SPC in May 1998 vide Paper No. SPC 19/98. It was the first corporate plan for the HA. Most of the initiatives therein had been implemented in the last financial year. A performance review of these initiatives has been conducted and the results are summarized below for Members' reference.

PERFORMANCE REVIEW

4. A total of 67 initiatives were covered in the HA 1998/99 Corporate Plan. As at 31 March 1999, 62 initiatives (93%) were either completed or being implemented on schedule. Only 5 initiatives (7%) and 3 sub-items for other initiatives were behind schedule due to slippage in production, the economic downturn and postponement of policy reviews. A summary of the overall performance by business/service is tabulated as follows -

<u>Business/ Service</u>	<u>Total No. of Initiatives Committed</u>	Status of Committed Initiatives		
		<u>Action Completed</u>	<u>On Schedule/ On-going</u>	<u>Behind Schedule</u>
Building	11	10	-	1
Rental Housing	15	10	5	-
Home Ownership	7	2	4	1
Commercial	12	6	4	2
Corporate Services	13	8	4	1
Finance and Accounting	9	9	-	-
Total	67	45	17	5

5 For those initiatives that were behind schedule, the problems and their latest position are set out below for Members' reference.

Initiative	Position as at 31.3.1999	Present Position
To build 32,000 flats.	28,500 flats were completed. The slippage was due to slow progress of contractors, re-entry of contracts and delay in relaxation of Airport Height Restriction.	For the remaining flats, 2,800 were completed by August 1999. Another 700 flats will be completed by December 1999.
To review the operation of the HOS Secondary Market Scheme.	The review was deferred to mid-1999 pending the assessment on the impact of allowing Green Form Home Purchase Loan Scheme applicants to buy flats under the HOS Secondary Market Scheme.	The review was completed in July 1999. As indicated by the rising number of transactions, the scheme has proved to be popular.
To aim at containing the vacancy rate of commercial premises at below 3% and the level of commercial rent arrears within 2 %.	Vacancy rate : 4.19% Rent arrears level : 2.49% The outcomes were due to the economic downturn.	Pro-active measures have been taken to reduce the vacancy rate by more intensive marketing activities. Enforcement actions against rent arrears have been tightened up.
To implement a new rent collection and financial evaluation system for each shopping centre and carpark.	The implementation of the computerized rent collection system was deferred pending the study of the feasibility of setting up a multi-purpose Information Technology (IT) system.	The tender specifications are being drafted. A pilot run is scheduled before end 2000.

Initiative	Position as at 31.3.1999	Present Position
To contract out the management of 24 existing shopping centres.	15 shopping centres were contracted out. Further outsourcing was withheld due to the need to look for ways to redeploy surplus staff to be generated.	The arrangements of redeploying surplus staff are being examined.
To develop seven shopping centres.	About 24,200m ² retail space in six new shopping centres were completed.	The remaining one was completed in August 1999.
To conduct a customer satisfaction survey.	It is the first territory-wide opinion survey undertaken by the HA and it was delayed due to the unexpected long pre-survey preparation period given its complexity.	Fieldwork on the survey was started in June 1999 and preliminary findings are just available. We are analysing the findings and shall release them afterwards.
To develop an IT Strategy for the Department.	The programme had been delayed because more time was needed to work with the consultant to refine the study report.	The report is being finalized and is targeted for submission to FC in November 1999.

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

FINANCIAL PERFORMANCE

6. The actual position of the HA's income and expenditure against the approved and revised budgets for 1998/99 is as follows -

	Original Budget (\$ billion)	Revised Budget (\$ billion)	Actual Position (\$ billion)
Income	40.2	36.7	36.8
Recurrent Expenditure	19.3	21.3	20.6
Capital Expenditure	25.7	23.9	23.1

7. The drop in income was due to a series of rent relief measures for public rental housing tenants including rent waivers, deferral of rent reviews and the legislative requirement of changing the rent review cycle from two to three years. In addition, rent freeze, rental re-assessment and increase in vacancy rate for the commercial premises also attributed to the decrease in the income for the year. The unbudgeted income from the Tenants Purchase Scheme (TPS) had been reflected in the actual income received.

8. The revised and actual recurrent expenditure was higher than the approved budget due to the increase in expenditure associated with the TPS which was not budgeted for when preparing the 1998/99 Approved Budget.

9. As there were slippage in a few projects and a revision of the production programme, the actual capital expenditure also decreased in the year.

10. Members may recall that the HA 1999/2000 Corporate Plan was endorsed in January 1999 vide Paper No. HA 5/99 and was subsequently published. The 2000/2001 corporate planning cycle has been started whereby the HA's strategic objectives and key initiatives were endorsed by the SPC in June 1999. Business Directors are now drawing up their business plans for submission to business committees in October/November 1999. After that, the HA 2000/2001 Corporate Plan, together with the HA's budgets, will be put up for Members' consideration in January 2000.

INFORMATION

11. This paper is for Members' information.

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