THE HONG KONG HOUSING AUTHORITY

Memorandum for the Building Committee


PURPOSE

To seek Members’ endorsement of the Business Plan for 2000/2001 - Building Business prior to submission as part of the Corporate Plan to the Housing Authority for approval.

BACKGROUND

2. Starting from 1998/99, as part of the corporate planning process, a business plan is prepared annually for the development and operation of the Building Business. It sets out the business objectives and key initiatives to be taken in the ensuing financial year in pursuing the corporate objectives of the Housing Authority. The Business Plan for 2000/2001 - Building Business is enclosed at the Annex for Members’ consideration.

BUSINESS OBJECTIVES

3. To pursue the undertakings set out in the Chief Executive’s Policy Address on housing and the Long Term Housing Strategy, business objectives have been established in line with the central theme and strategic objectives of the Authority’s Strategic Plan 2000/2001 on the following fronts-

(a) Quantity of housing production and redevelopment programme;

(b) Quality of housing production and customer needs;

(c) Cost-effectiveness and expedition of housing production;
(d) Environmental protection and site safety;

(e) Use of private sector resources; and

(f) Development and deployment of human resources.

REVIEW OF PERFORMANCE IN 1999/2000

4. The business performance in the first six months of 1999/2000 has been reviewed against the objectives and initiatives set for the year. The progress of most business operations has been on schedule and to expectation. However, the credibility of quality in public housing has been impaired by the recent problems with the quality of some construction works, especially the uneven ground settlement in a project at Tin Shui Wai. The Authority has taken a serious and pragmatic stand on the issue and has taken follow-up actions immediately to assure structural safety and owners’ interest. The building business will step up monitoring of design and site supervision as the first priority to rebuild public confidence. A detailed report on the mid-term review of business performance is submitted to Members under a separate paper. A review on quality housing is also being carried out. If necessary, more initiatives to enhance quality will be formulated and implemented in addition to those now proposed in the business plan for 2000/2001.

BUSINESS ENVIRONMENT

5. A SWOT (Strengths, Weaknesses, Opportunities & Threats) analysis has been carried out to scrutinize the external and internal operating environments of the business. The outcome of the analysis provides the basis for refining the business objectives and setting key initiatives to achieve the performance goals.

6. A risk assessment analysis has also been conducted to identify the risk factors that may jeopardize the planning and operation of the business. It is reckoned that risks may arise in the availability of land, viability of projects, and performance of contractors and consultants. The risk factors have been taken into consideration when developing initiatives and setting goals. In the implementation of the business plan, control actions will also be taken to mitigate the risks identified and their likely impact.
KEY INITIATIVES

7. With a view to achieving the identified business objectives, key initiatives with corresponding performance and time goals have been established against each objective for the year 2000/2001. In essence, we will endeavour to pursue the following key continuing and new initiatives-

(a) To acquire sufficient sites to enable the Public Housing Development Programme to roll forward.

(b) To deliver the planned production on time.

(c) To facilitate the implementation of the Comprehensive Redevelopment Programme (CRP).

(d) To conduct restructuring studies and assess the impact of restructuring on public housing production.

(e) To improve designs for HOS blocks in response to customer and production needs.

(f) To step up monitoring of design and site supervision for all building projects.

(g) To induce Contractors to improve quality of construction works.

(h) To establish and implement a Quality Development Plan on housing production, quality culture, image and vision.

(i) To enhance the cost-effectiveness of public housing design and construction.

(j) To enhance environmental conditions of new public housing estates

(k) To improve site safety.

(l) To enhance visual diversity and identity in public housing estates.

(m) To make greater use of private sector resources including
production of PSPS flats and implementation of Mixed Development and ‘design and build’ schemes.

(n) To enhance staff competencies and to pursue the Enhanced Productivity Programme.

PERFORMANCE MEASURES

8. Key Performance Indicators (KPIs) have been established to measure the business performance as follows-

(a) Number of flats to be completed;

(b) Floor areas of commercial properties and number of parking spaces to be completed;

(c) Programmed development lead time for projects;

(d) Slippage in completion of projects;

(e) Control over construction costs, including the project management costs incurred;

(f) Quality of completed flats as indicated by the number of defects per flat reported at handover; and

(g) Compliance with HKBEAM for new designs.

FINANCIAL BUDGET AND FORECAST

9. The construction expenditure in the proposed budget for 2000/2001 amounts to $25,881.0M with a decrease of about 8.9% when compared with the construction expenditure in the revised budget for 1999/2000. The largest decreases are in the rental housing projects and HOS projects, which amount to $1,829.4M and $858.0M respectively. They are mainly attributable to the lower level of flat production in the coming two years.

DISCUSSION
10. At the meeting of the Building Committee on 21 October 1999, Members will be invited to discuss and endorse the Business Plan for 2000/2001 – Building Business.

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