

7. CONSOLIDATED BUDGETS

- 7.1 As a financially autonomous public body, the HA funds its public housing programmes with its own resources.
- 7.2 Although the HA's expenditure is not part of the Government's expenditure, it accounts for approximately 4.4% of the total public expenditure in 2013/14. A summary of the income and expenditure items of the HA's Revised Budget for 2013/14 and Proposed Budget for 2014/15 is set out below –

	Revised Budget 2013/14 (\$M)	Proposed Budget 2014/15 (\$M)
Operating Income	17,586	18,247
Operating Expenditure	(15,505)	(17,622)
Special Items	(58)	21
Consolidated Operating Surplus	2,023	646
Capital Expenditure	10,932	13,829

CONSOLIDATED OPERATING ACCOUNT

- 7.3 The Consolidated Operating Account generates a surplus of \$646 million in the 2014/15 Proposed Budget, as compared to the 2013/14 Revised Budget surplus of \$2,023 million. The lower surplus is mainly attributable to (i) higher deficit in the Rental Housing Operating Account due to the projected increase in various operating expenditure items and estate management and maintenance services as a result of the increase in housing stock and the projected price level changes, whereas the rent level is assumed to be remain unchanged; and (ii) lower surplus of the Home Ownership Assistance Operating Account due to the completion of sale for remaining surplus HOS flats in 2013/14. A summary by business operation is set out below –

Summary of Operating Surplus/(Deficit)

	Revised Budget 2013/14	Proposed Budget 2014/15
	\$M	\$M
Rental Housing	(800)	(1,664)
Commercial	827	860
Home Ownership Assistance	2,054	1,429
Special Items ^[28]	(58)	21
Consolidated Operating Surplus	2,023	646

CASH AND INVESTMENT BALANCE

7.4 The projected cash and investment balance at end-March 2014 and end-March 2015 are summarized below –

Summary of Cash Flow

	Revised Budget 2013/14	Proposed Budget 2014/15
	\$M	\$M
Cash & Investment Balance at year-end	68,093	61,671

7.5 The cash and investment balance is projected to decrease by \$6,422 million or 9.4% in 2014/15, mainly due to (i) lower sale proceeds from sales of HOS; (ii) increase in construction payments for PRH and the new HOS flats; and (iii) higher spending on personal emoluments and other recurrent expenditure due to assumed pay adjustment and price level adjustments in 2014/15.

Note [28] : The special items mainly represent income from Urban Renewal Authority for the rental flats allocated to affected tenants. For the 2013/14 Revised Budget, the deficit is mainly attributable to the provision for the write-off of the development cost arising from abortive sites returned to the Government.

CAPITAL EXPENDITURE

7.6 Capital expenditure in 2014/15 is budgeted at \$13,829 million. The details are summarized below –

Summary of Capital Expenditure

	Revised Budget 2013/14 (\$M)	Proposed Budget 2014/15 (\$M)
Construction Expenditure	8,004	10,675
Improvement Works	793	774
Computer Projects	164	216
Direct Costs and Overheads charged to Construction, Improvement Works and Computer Projects	1,971	2,164
Total	10,932	13,829

7.7 As compared with the 2013/14 Revised Budget, the 2014/15 Proposed Budget for capital expenditure has increased by \$2,897 million or 26.5%, mainly due to development / construction programme adjustments for some projects with expenditure deferred from 2013/14 to 2014/15, more rental flats under construction and the commencement of building works for HOS projects.