

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 5.4% of the total public expenditure in 2014/15. A summary of the income and expenditure items of the HA's Revised Budget for 2014/15 and Proposed Budget for 2015/16 is set out below –

	Revised Budget 2014/15 (\$M)	Proposed Budget 2015/16 (\$M)
Operating Income	18,564	20,542
Operating Expenditure	(16,595)	(18,801)
Special Items	7	23
Consolidated Operating Surplus	<u>1,976</u>	<u>1,764</u>
Capital Expenditure	13,490	17,835

CONSOLIDATED OPERATING ACCOUNT

- 7.3 The Consolidated Operating Account generates a surplus of \$1,764 million in the 2015/16 Proposed Budget, as compared to the 2014/15 Revised Budget surplus of \$1,976 million. The lower surplus is attributable to higher deficit in the Rental Housing Operating Account mainly due to higher operating costs as a result of increase in housing stock and assumed price level adjustments, which is partly offset by higher surplus in the Home Ownership Assistance Operating Account mainly due to the projected higher average selling price for TPS flats to be sold. A summary by business operation is set out below –

Summary of Operating Surplus/(Deficit)

	Revised Budget 2014/15 \$M	Proposed Budget 2015/16 \$M
Rental Housing	(662)	(997)
Commercial	875	874
Home Ownership Assistance	1,756	1,864
Special Items ^[31]	7	23
Consolidated Operating Surplus	<u>1,976</u>	<u>1,764</u>

CASH AND INVESTMENT BALANCE

7.4 The projected cash and investment balance at end-March 2015 and end-March 2016 are summarised below –

Summary of Cash Flow

	Revised Budget 2014/15 \$M	Proposed Budget 2015/16 \$M
Cash & Investment Balance at year-end	65,002	56,342

7.5 The cash and investment balance in 2015/16 Proposed Budget is projected to decrease to \$56,342M mainly due to (i) the increase in construction payments for PRH and the new HOS flats; and (ii) the higher spending in personal emoluments and other recurrent expenditure due to the assumed pay adjustment and price level adjustments in 2015/16.

Note [31]: The special items are mainly income from Urban Renewal Authority for the rental flats allocated to affected tenants.

CAPITAL EXPENDITURE

7.6 Capital expenditure in 2015/16 is budgeted at \$17,835 million. The details are summarised below –

Summary of Capital Expenditure

	Revised Budget 2014/15 (\$M)	Proposed Budget 2015/16 (\$M)
Construction Expenditure	10,555	14,271
Improvement Works	658	993
Computer Projects	153	174
Direct Costs and Overheads charged to Construction, Improvement Works and Computer/IT Projects	2,124	2,397
Total	13,490	17,835

7.7 As compared with the 2014/15 Revised Budget, the 2015/16 Proposed Budget for capital expenditure is projected to increase by \$4,345 million or 32%, mainly due to more PRH and HOS flats under construction.