

7. CONSOLIDATED BUDGETS

- 7.1 As a financially autonomous public body, HA funds its public housing programmes with its own resources. A summary of the income and expenditure items of the HA's Revised Budget for 2015/16 and Proposed Budget for 2016/17 is set out below –

	Revised Budget 2015/16 (\$M)	Proposed Budget 2016/17 (\$M)
Operating Income	20,098	21,855
Operating Expenditure	(17,220)	(19,635)
Special Items	15	18
Consolidated Operating Surplus	<u>2,893</u>	<u>2,238</u>
Capital Expenditure	20,069	23,587

CONSOLIDATED OPERATING ACCOUNT

- 7.2 The Consolidated Operating Account generates a surplus of \$2,238 million in the 2016/17 Proposed Budget, as compared to the 2015/16 Revised Budget surplus of \$2,893 million. The lower surplus is attributable to the higher deficit in the Rental Housing Operating Account, mainly due to the higher projected operating costs as a result of the increase in housing stock and assumed price level adjustments while no rent adjustment is assumed. A summary by business operation is set out below –

Summary of Operating Surplus/(Deficit)

	Revised Budget 2015/16 (\$M)	Proposed Budget 2016/17 (\$M)
Rental Housing	(637)	(1,468)
Commercial	1,031	1,110
Home Ownership Assistance	2,484	2,578
Special Items ^[39]	15	18
Consolidated Operating Surplus	<u>2,893</u>	<u>2,238</u>

CASH AND INVESTMENT BALANCE

7.3 The projected cash and investment balance at end-March 2016 and end-March 2017 are summarised below –

Summary of Cash Flow

	Revised Budget 2015/16 (\$M)	Proposed Budget 2016/17 (\$M)
Cash & Investment Balance at year-end	55,587	41,473

7.4 The cash and investment balance in 2016/17 Proposed Budget is projected to decrease to \$41,473 million, mainly due to the higher construction payments for PRH and subsidised sale flats.

Note [39] : The special items are mainly income from Urban Renewal Authority (URA) for the rental flats allocated to affected tenants of URA redevelopment projects.

CAPITAL EXPENDITURE

7.5 The capital expenditure in 2016/17 is budgeted at \$23,587 million. The details are summarised below –

Summary of Capital Expenditure

	Revised Budget 2015/16 (\$M)	Proposed Budget 2016/17 (\$M)
Construction Expenditure	16,739	19,740
Improvement Works	844	950
Computer Projects	149	196
Direct Costs and Overheads charged to Construction, Improvement Works and Computer/IT Projects	2,337	2,701
Total	20,069	23,587

7.6 As compared with the 2015/16 Revised Budget, the capital expenditure in the 2016/17 Proposed Budget is projected to increase by \$3,518 million or 18%, mainly due to more PRH and subsidised sale flats under construction.