

7. CONSOLIDATED BUDGETS

- 7.1 As a financially autonomous public body, the 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 2018/19 and Proposed Budget for 2019/20 is set out below –

| | Revised Budget 2018/19 | Proposed Budget 2019/20 |
|--------------------------------|-----------------------------------|------------------------------------|
| | \$M | \$M |
| Operating Income | 34,128 | 44,438 |
| Operating Expenditure | (26,911) | (33,360) |
| Net non-operating income | 56 | 19 |
| Consolidated Operating Surplus | 7,273 | 11,097 |
| Capital Expenditure | 21,015 | 20,895 |

CONSOLIDATED OPERATING ACCOUNT

- 7.2 The Consolidated Operating Account generates a surplus of \$11,097 million in the 2019/20 Proposed Budget, as compared to the 2018/19 Revised Budget surplus of \$7,273 million. The higher surplus is attributable to the higher surplus in Home Ownership Assistance Operating Account, mainly due to the sale of more SSFs. A summary by business operation is set out below –

| | Revised Budget 2018/19 | Proposed Budget 2019/20 |
|--|-----------------------------------|------------------------------------|
| | \$M | \$M |
| Rental Housing | 299 | 29 |
| Commercial | 1,462 | 1,640 |
| Home Ownership Assistance | 5,456 | 9,409 |
| Net non-operating income ^[35] | 56 | 19 |
| Consolidated Operating Surplus | 7,273 | 11,097 |

Note [35] The net non-operating income is mainly income from Urban Renewal Authority for the rental flats allocated to affected tenants.

CASH AND INVESTMENT BALANCE

- 7.3 The projected cash and investment balance at the end of March 2019 and 2020 are summarised below –

| | Revised Budget 2018/19 \$M | Proposed Budget 2019/20 \$M |
|--|---|--|
| Cash and Investment Balance at year-end | 41,062 | 52,611 |

- 7.4 The cash and investment balance in 2019/20 Proposed Budget is projected to increase to \$52,611M, mainly due to the SSF receipts.

CAPITAL EXPENDITURE

- 7.5 The capital expenditure in 2019/20 Proposed Budget is \$20,895 million. The details are summarised below –

| | Revised Budget 2018/19 \$M | Proposed Budget 2019/20 \$M |
|---|---|--|
| Construction Expenditure | 17,746 | 17,077 |
| Improvement Works | 582 | 895 |
| Computer Equipment, Other Equipment and Motor Vehicles | 139 | 275 |
| Direct Costs and Overheads | 2,548 | 2,648 |
| Total | 21,015 | 20,895 |

- 7.6 Compared with the 2018/19 Revised Budget, the capital expenditure in the 2019/20 Proposed Budget is projected to slightly decrease by \$120 million or 0.6%, arising from the lower construction expenditure in the year.