

## 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 of HA's 2020/21 Revised Budget and 2021/22 Proposed Budget is set out below –

	<b>2020/21 Revised Budget \$M</b>	<b>2021/22 Proposed Budget \$M</b>
Operating income	37,063	36,106
Operating expenditure	(27,482)	(29,757)
Net non-operating income	23	15
Consolidated Operating Surplus	<u>9,604</u>	<u>6,364</u>
Capital expenditure	<u>20,340</u>	<u>22,912</u>

### CONSOLIDATED OPERATING ACCOUNT

- 7.2 The Consolidated Operating Account in the 2021/22 Proposed Budget is projected at a surplus of \$6,364 million which is lower than the 2020/21 Revised Budget of \$9,604 million by \$3,240 million. The lower surplus is attributable to –
- (a) the higher deficit in the Rental Housing Operating Account mainly due to the rent waiver for September 2021 granted by HA (partly offset by the full year effect of the rent adjustment which took effect from September 2020) and projected increase in various expenditure items as a result of assumed price level adjustments and increase in rental flats; and
  - (b) the lower surplus in the Home Ownership Assistance Operating Account mainly due to comparatively less number of completion of assignment of SSFs in the year; partly offset by
  - (c) the higher surplus in the Commercial Operating Account mainly due to the rent concession by HA to the eligible non-domestic tenants / licensees in 2020/21, and the projected addition of new premises in 2021/22.

7.3 A summary by business operation is set out below –

	<b>2020/21 Revised Budget</b>	<b>2021/22 Proposed Budget</b>
	<b>\$M</b>	<b>\$M</b>
Rental Housing	(780)	(1,186)
Commercial <sup>[36]</sup>	896	1,098
Home Ownership Assistance	9,465	6,437
Net non-operating income <sup>[37]</sup>	23	15
Consolidated Operating Surplus	<u>9,604</u>	<u>6,364</u>

## CASH AND INVESTMENT BALANCE

7.4 The projected cash and investment balance at the end of March 2021 and 2022 are summarised below –

	<b>2020/21 Revised Budget</b>	<b>2021/22 Proposed Budget</b>
	<b>\$M</b>	<b>\$M</b>
Cash and Investment Balance at year-end	<u>56,816</u>	<u>52,679</u>

7.5 The cash and investment balance in the 2021/22 Proposed Budget is projected to decrease to \$52,679 million, mainly due to higher construction and operating expenditures, and lower SSF receipts.

---

Note [36] Operating surplus after exceptional items.

Note [37] The net non-operating income is mainly income from the Urban Renewal Authority for the rental flats allocated to affected tenants.

## CAPITAL EXPENDITURE

7.6 The capital expenditure in the 2021/22 Proposed Budget is \$22,912 million. The details are summarised below –

	<b>2020/21 Revised Budget</b>	<b>2021/22 Proposed Budget</b>
	<b>\$M</b>	<b>\$M</b>
Construction expenditure	17,045	19,389
Improvement works	398	476
Computer systems and equipment, other equipment and motor vehicles	210	283
Direct costs and overheads	2,687	2,764
Total	20,340	22,912

7.7 Compared with the 2020/21 Revised Budget, the capital expenditure in the 2021/22 Proposed Budget is projected to increase by \$2,572 million, mainly due to higher construction expenditure in the year.