Press in December 1995

Press December 14, 1995	
Headline :	*HA Budgets Endorsed By EFC*
Content :	The following is issued on behalf of the Hong Kong Housing Authority: The Housing Authority Establishment and Finance Committee today (Thursday) considered and endorsed the Authority's revised budgets for 1995/96, the proposed budgets for 1996/97 and the five year financial forecasts from 1996/97 to 1999/2000. A Housing Authority spokesman said that the Authority was a large organisation providing housing to half of the population in Hong Kong in its 657,000 rental units, 187,000 Home Ownership Scheme (HOS) / Private Sector Participation Scheme (PSPS) flats, as well as more than 824,000 square-metre of commercial space, 61,000 parking spaces and 7,000 factory establishments. The Authority has three principal areas of operations : public rental housing, commercial properties and Home Ownership operations. The Committee noted that the 1996/97 budget, forecast a consolidated operating surplus of $9.5 billion, this was made up of a $2.5 billion deficit on the Domestic Operating Account, a surplus of $2 billion on the Non- domestic Operating Account and a surplus of $10 billion on the Home Ownership Operating Account. For 1995/96, the revised operating account budget shows a surplus of $15.8 billion which was obtained by deducting the domestic deficit of $1.4 billion from the non- domestic surplus of $2.1 billion and Home Ownership operating surplus of $15.1 billion. The spokesman said the surpluses and deficits arising from the Operating Accounts together with the surplus from the Funds Management account were transferred to the Appropriation Account. The interest and dividend payments to Government were also charged to this account. The net surplus from the Consolidated Appropriation Account would be $9.6 billion for 1996/97, compared to the revised 1995/96 budget of a $15.6 billion surplus. Commenting on the individual operating accounts, the spokesman said "The budgeted domestic operating account deficit in 1996/97

would represent on average a deficit of $310 per flat per month, compared to a deficit of $178 per flat per month in the 1995/96 revised budget."

Turning to the Authority's Capital Budget, the spokesman said the budget for 1996/97 was $12.4 billion compared to the 1995/96 revised budget of $9.5 billion, representing an increase of 31 per cent.

"The bulk of this expenditure will be for construction work ($9.8 billion), the balance being for major improvement works ($0.5 billion), direct costs and overheads for construction and improvement works ($1.9 billion) and the purchase of computer assets and equipment ($0.2 billion)," he said.

On the Consolidated Cash Budget, the Committee noted that the Authority's 1996/97 cash portion was expected to remain stable around its 1995/96 level, with a positive cash flow of $0.7 billion forecast for 1996/97 as compared to a positive cash flow of $6 billion for 1995/96.

The cash balance at March 31, 1997 was budgeted to be $26.8 billion as compared to $26.1 billion at March 31, 1996.

He explained that the Cash Budgets were influenced by a number of factors, in particular progress in the construction programmes and HOS/PSPS sales.

The Authority's total payments (recurrent and capital) including HOS land costs, interest on loan capital, dividend and repayment of loan capital were forecast to increase from the 1995/96 revised budget of $24.2 billion, by $5.7 billion (24 per cent) to $29.9 billion in 1996/97.

"This arises mainly from estimated increases in expenditure on construction payments, maintenance and improvements and personal emoluments," he said.

"The Authority will continue its commitment to strengthen maintenance services," the spokesman stressed, adding that, "with greater emphasis on improvements to day- to-day minor repairs, accelerating planned maintenance programmes and improvements to middle aged estates."

The spokesman said since 1992, the Authority had been financially

	self sufficient as a result of Government's contribution by providing land at concessionary prices and supporting infrastructure. The spokesman emphasized that the Authority would continue to maintain prudent financial policies and make the best use of funds. Thursday, December 14, 1995

Back