

For discussion at the meeting of  
the Housing Authority on 13 March 2003.

Extract from HA Paper No. HA 13/2003

Housing Authority's Revised Budgets 2002/03  
Proposed Budgets 2003/04 and  
Financial Forecasts 2004/05 to 2006/07

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## FINANCIAL FORECASTS 2004/05 TO 2006/07

29. The financial forecasts for 2004/05 to 2006/07 as set out at Section II of the Budgets and Forecasts Proposal and summarised below are for Members' information only.

	Rental Housing	Commercial	Home Ownership Assistance	Consolidated Operating Deficit(*)	Cash Balance
2002/03 (Revised Budget)	(1,733)	1,047	677	(775)	22,020
2003/04 (Proposed Budget)	(1,687)	1,195	58	(524)	10,953
2004/05 (Forecast)	(993)	1,243	(284)	(1)	2,323
2005/06 (Forecast)	(1,344)	1,340	(972)	(895)	(5,491)
2006/07 (Forecast)	(1,053)	1,493	(920)	(405)	(12,427)

(\*) Including special write off for Tiu Keng Leng Development and Special income from URA.

30. It should be emphasised that the forecasts for 2004/05 to 2006/07 are indicative only, as external factors can have a rapid and dramatic impact on the forecast balances. Although a cash deficit is projected by 2005/06, the Department is actively pursuing a number of initiatives to ensure a steady and smooth availability of funds to meet the Authority's programmes and operations in the medium and longer term. These include a comprehensive review of the financial arrangements between the Government and the Authority, arrangements to dispose the surplus HOS flats, as well as potential divestment of the retail and carparking facilities, which will have major implications on the long term finances and sustainability of the Authority.

31. The projected cash deficits are forecast figures only based on approved policies and certain assumptions. Although the Authority is facing challenging times ahead, we are fairly confident that the Authority can overcome its difficulties.

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