

[Translation]

香港特別行政區政府

The Government of the Hong Kong Special Administrative Region

運輸及房屋局

香港九龍何文田

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Homantin, Kowloon, Hong Kong

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27 May 2016

Hon Frederick FUNG Kin-kee, SBS, JP  
Rooms 1104  
Sunbeam Commercial Building  
469 Nathan Road  
Kowloon

Dear Hon FUNG,

**Examination of Estimates of Expenditure 2016-17**  
(Question Serial No: R058)

I refer to the above question which you raised during the examination of the estimates of expenditure for 2016-17 regarding the Government's financial support for the public housing development programmes. Our reply is as follows.

As a financially autonomous body, the Hong Kong Housing Authority (HA) funds its public housing development programmes with its own resources.

According to HA's budgets and forecasts for the period from 2015-16 to 2019-20, HA will have sufficient financial resources to meet its recurrent expenditure and implement the public housing development programmes and maintenance programmes covered in the five year period. Nevertheless, the total construction expenditure during the five-year period is projected to be \$120.5 billion with an average of more than \$20 billion per annum, while the annual cash inflow from Rental Housing, Commercial and Home Ownership Assistance Operations (including revenue from subsidised sale flats) can only help finance part of the construction expenditure. HA's cash and investment balance is projected to decrease to about \$16 billion in 2019-20.

In the long run, HA will come under fiscal pressure as its funds dwindle, and the Government's financial support will become necessary. HA will continue to conduct the annual rolling five-year budgeting process and assess its financial position and future funding requirements, and will maintain a close dialogue with the Government on financial support arrangements. When the Government and HA reach a consensus, the Government will seek approval of the Finance Committee of the Legislative Council for funding to be drawn from the Housing Reserve to support the public housing development programmes of HA.

Yours sincerely,

( Original Signed )

(Jerry CHEUNG)

for Secretary for Transport and Housing

**c.c.**

Clerk to the Legislative Council Finance Committee (Attn: Mr Daniel SIN)  
Secretary for Financial Services and the Treasury (Attn: Ms Emily TSANG)