

\$17b to kick off housing fund

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THE Housing Authority is to inject \$17 billion into its housing capital works fund, which is being set up to streamline its financial control.

Sources said the Government had been consulted on the principle and accounting arrangement of the capital works fund and had given conditional support for it.

They said the Government was adamant the Authority's payments of interest and dividend, amounting to about \$2 billion each year, would not be affected.

Establishment and Finance Committee members of the authority, who approved the principle of the fund last July, are expected to approve the size of the fund today.

A memorandum being circulated among members shows the fund is expected to contain \$17 billion at the start.

That, the sources said, would be enough for works that either had been begun or would be begun next financial year.

If members approved the proposed details, the fund would be formally set up on 1 April this year.

The sources said the cash balance of the fund would be maintained at a level enough to meet estimated expenditures for a minimum period of three months or a maximum of a year.

According to the memorandum, the works fund will "finance the purchase and construction of all the authority's fixed assets" defined in

the its Accounting Policy No 6.

They include the building of domestic and non-domestic blocks and Home Ownership Scheme apartments, in addition to assets at the authority's headquarters like computer software.

The sources said the fund, when it was formed, would separate the authority's recurrent and capital activities financially.

In case the fund runs out, the Housing Authority would secure loans from private sector as last resort, according to them.

Otherwise, the fund would normally be financed by the surplus of the authority's domestic operating account when building or purchase of domestic assets such as rental blocks is involved.