

Head 7 — PROPERTIES AND INVESTMENTS

Details of Revenue

Sub-head (Code)	Actual revenue 2001–02	Original estimate 2002–03	Revised estimate 2002–03	Estimate 2003–04
	\$'000	\$'000	\$'000	\$'000
010 Government land licences, government rents (other than those charged at 3% of rateable values in accordance with the Government Rent (Assessment and Collection) Ordinance (Cap. 515)) and rents from short term tenancies.....	1,898,521	1,795,075	1,662,078	1,589,214
020 Rents from government quarters.....	664,444	669,055	669,350	664,263
030 Rents from government properties	1,123,913	1,002,292	951,645	922,362
040 Investment income and interest	224,709	2,550,000	2,681,000	4,725,000†
060 Returns on equity investments in statutory agencies/corporations.....	379,497	16,382,000	470,023	858,000
080 Recovery from Housing Authority under current financial arrangement.....	2,474,814	2,133,336	2,212,217	380,818
090 Government rents charged at 3% of rateable values in accordance with the Government Rent (Assessment and Collection) Ordinance (Cap. 515)	4,563,398	4,300,000	4,209,000	4,093,000
Total	<u>11,329,296</u>	<u>28,831,758</u>	<u>12,855,313</u>	<u>13,232,657</u>

† After the transfer from the Land Fund to the General Revenue Account but subject to the passing of the amendment to the Resolution of the Land Fund by the Legislative Council.

Description of Revenue Sources

To this revenue head are credited the yields from government land licences; government rents including those charged at 3% of rateable values in accordance with the Government Rent (Assessment and Collection) Ordinance (Cap. 515); and rents from short term tenancies, government quarters and properties. Investment income earned on the balances of the General Revenue Account and other interest receipts arising from the General Revenue Account, returns from equity investments in statutory agencies and corporations other than those credited to the Capital Investment Fund, and recovery from the Housing Authority of the land costs of Home Ownership Scheme flats are also included in this head.

Revenue from properties and investments generated 8.9% of general revenue in 2002–03.

Underlying Changes in Revenue Yield

The **2002–03** revised estimate of \$12,855,313,000 is a net decrease of \$15,976,445,000 (55.4%) against the original estimate.

Under *Subhead 060 Returns on equity investments in statutory agencies/corporations*, the decrease of \$15,911,977,000 (97.1%) is due to the fact that the second tranche of the MTR Corporation Limited share offer was not realised in 2002–03 and the decrease in cash dividends from statutory corporations.

The **2003–04** estimate of \$13,232,657,000 is a net increase of \$377,344,000 (2.9%) over the revised estimate for 2002–03.

Under *Subhead 040 Investment income and interest* the increase of \$2,044,000,000 (76.2%) reflects the anticipated increase in investment return as a result of the increased balance of the General Revenue Account with the Exchange Fund after the proposed transfer from the Land Fund in 2003–04.

Under *Subhead 060 Returns on equity investments in statutory agencies/corporations* the increase of \$387,977,000 (82.5%) is the expected total of cash dividends from statutory corporations.

Under *Subhead 080 Recovery from Housing Authority under current financial arrangement*, the decrease of \$1,831,399,000 (82.8%) is due to the reduction in the sales of Home Ownership Scheme flats from September 2001 to June 2002 as a result of the 10-month moratorium, further capping of sales of HOS flats as announced by the Chief Secretary for Administration in June 2002 and the immediate cessation of the sales of HOS flats as announced in the Housing Policy Statement in November 2002.