

## Head 7 — PROPERTIES AND INVESTMENTS

### Details of Revenue

Sub-head (Code)	Actual revenue 2003–04	Original estimate 2004–05	Revised estimate 2004–05	Estimate 2005–06
	\$'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 .....	1,643,870	1,442,192	1,333,398	<b>1,366,897</b>
020 Rents from government quarters .....	652,326	650,456	643,103	<b>605,031</b>
030 Rents from government properties .....	862,255	887,800	1,047,096	<b>866,844</b>
040 Investment income and interest .....	5,922,952	2,978,480	4,893,175	<b>4,785,175</b>
060 Returns on equity investments in statutory agencies/corporations .....	620,000	1,259,283	1,652,175	<b>1,767,769</b>
080 Recovery from Housing Authority under current financial arrangement .....	327,126	109,775	38,211	<b>29,301</b>
090 Government rents charged at 3% of rateable values in accordance with the Government Rent (Assessment and Collection) Ordinance (Cap. 515) .....	4,091,055	3,720,000	3,888,000	<b>4,323,000</b>
Total .....	<u>14,119,584</u>	<u>11,047,986</u>	<u>13,495,158</u>	<u><b>13,744,017</b></u>

### 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 5.9% of general revenue in 2004–05.

### Underlying Changes in Revenue Yield

The **2004–05** revised estimate of \$13,495,158,000 is a net increase of \$2,447,172,000 (22.2%) over the original estimate.

Under *Subhead 030 Rents from government properties*, the increase of \$159,296,000 (17.9%) is mainly due to the charging of rents from Trading Funds for both 2003–04 and 2004–05 in 2004–05 as a result of the change of billing arrangement for Trading Funds from preceding year charging to current year charging since 2004–05.

Under *Subhead 040 Investment income and interest*, the increase of \$1,914,695,000 (64.3%) is due to the higher balance of the General Revenue Account coupled with a better than expected investment return.

Under *Subhead 060 Returns on equity investments in statutory agencies/corporations*, the increase of \$392,892,000 (31.2%) is due to the higher than expected total cash dividends from statutory corporations.

Under *Subhead 080 Recovery from Housing Authority under current financial arrangement*, the decrease of \$71,564,000 (65.2%) is mainly due to the lower than expected residual construction payment in relation to HOS flats sold in previous years.

The **2005–06** estimate of \$13,744,017,000 is a net increase of \$248,859,000 (1.8%) over the revised estimate for 2004–05.

Under *Subhead 030 Rents from government properties* the decrease of \$180,252,000 (17.2%) is mainly due to the charging of only one year's rents from Trading Funds in 2005–06 compared with the charging of two years' rent in 2004–05.

Under *Subhead 080 Recovery from Housing Authority under current financial arrangement*, the decrease of \$8,910,000 (23.3%) is due to the expected decrease in residual construction payment in relation to HOS flats sold in previous years.

## Head 7 — PROPERTIES AND INVESTMENTS

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Under *Subhead 090 Government rents* charged at 3% of rateable values in accordance with the Government Rent (Assessment and Collection) Ordinance (Cap. 515), the increase of \$435,000,000 (11.2%) is mainly due to the effects of the General Revaluation of rateable values and the assessment of new properties to Government rent.