

Head 7 — PROPERTIES AND INVESTMENTS

Details of Revenue

Sub-head (Code)	Actual revenue 2005–06	Original estimate 2006–07	Revised estimate 2006–07	Estimate 2007–08
	\$'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.....	1,531,116	1,361,230	1,422,972	1,471,418
020 Rents from government quarters.....	645,043	579,054	658,211	661,250
030 Rents from government properties	980,150	958,177	1,030,698	1,012,215
040 Investment income and interest	3,856,944	6,408,722	10,666,991	10,041,270
060 Returns on equity investments in statutory agencies/corporations	1,931,717	1,841,116	2,077,174	2,224,160
080 Recovery from Housing Authority under current financial arrangement.....	29,301	77,970	75,891	136,153
090 Government rents charged at 3% of rateable values in accordance with the Government Rent (Assessment and Collection) Ordinance (Cap. 515)	4,726,586	4,856,000	5,795,000	5,213,000
Total	<u>13,700,857</u>	<u>16,082,269</u>	<u>21,726,937</u>	<u>20,759,466</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 9.6% of total revenue in 2006–07.

Underlying Changes in Revenue Yield

The **2006–07** revised estimate of \$21,726,937,000 is a net increase of \$5,644,668,000 (35.1%) over the original estimate.

Under *Subhead 020 Rents from government quarters*, the increase of \$79,157,000 (13.7%) is mainly due to the higher than expected rental income from letting out of surplus quarters resulting from the withdrawal of surplus government quarters from sale and the deferred sale of other quarters originally planned for 2006–07.

Under *Subhead 040 Investment income and interest*, the increase of \$4,258,269,000 (66.4%) is due to a higher than expected investment return.

Under *Subhead 060 Returns on equity investments in statutory agencies/corporations*, the increase of \$236,058,000 (12.8%) is due to the higher than expected total cash dividends from statutory corporations.

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 \$939,000,000 (19.3%) is mainly due to the one-off receipt of Government rent in respect of holdover Government rent cases following the judgement of the court.

The **2007–08** estimate of \$20,759,466,000 is a net decrease of \$967,471,000 (4.5%) against the revised estimate for 2006–07.

Under *Subhead 080 Recovery from Housing Authority under current financial arrangement*, the increase of \$60,262,000 (79.4%) is due to the expected increase in residual construction payment in relation to HOS flats sold in previous years.

Under *Subhead 090 Government rents charged at 3% of rateable values in accordance with the Government Rent (Assessment and Collection) Ordinance (Cap. 515)*, the decrease of \$582,000,000 (10.0%) is mainly due to the absence

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of the one-off receipt of the Government rent following the judgement of the court in 2006–07, to be partly offset by the effects of the General Revaluation of rateable values and the assessment of new properties to Government rent.