

Head 9 — LOANS, REIMBURSEMENTS, CONTRIBUTIONS AND OTHER RECEIPTS

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 Repayments of loans and advances	198,326	119,101	117,293	2,579
020 Pension contributions	18,314	16,411	16,718	15,077
030 Recovery of salaries and staff on-costs	2,112,710	2,096,897	2,057,131	2,054,834
040 Light and fuel in government buildings	18,951	24,422	25,013	25,222
050 Recovery of overpayments and losses.....	542,005	394,682	445,632	378,936
080 Transfers from Funds	—	6,900,000	2,100,000	31,800,000
090 Other receipts	2,756,079	3,643,317	3,824,659	1,997,365
110 Payments made by Trading Funds—				
(001) Payments in lieu of profits tax	95,875	64,490	110,157	77,034
(002) Payments for “insurance” premium	2,801	2,856	2,856	2,927
(003) Reimbursements by trading funds arising from policy on “insurance”	112	163	90	90
Total	<u>5,745,173</u>	<u>13,262,339</u>	<u>8,699,549</u>	<u>36,354,064</u>

Description of Revenue Sources

To this revenue head are credited repayments of loans and advances, such as loans under the Sandwich Class Housing Purchase Loan Scheme, pension contributions (e.g. to the Widows and Orphans Pension Scheme and the Surviving Spouses’ and Children’s Pension Scheme), recovery of salaries and on-costs from organisations including the Hong Kong Housing Authority and the Hospital Authority, charges for light and fuel in government buildings, recovery of overpayments and losses (including surcharges on public officers), transfers from Government Funds, and payments made by Trading Funds.

Revenue from loans, reimbursements, contributions and other receipts (excluding transfers from funds) generated 2.9% of total revenue in 2006–07.

Underlying Changes in Revenue Yield

The 2006–07 revised estimate of \$8,699,549,000 is a net decrease of \$4,562,790,000 (34.4%) against the original estimate.

Under *Subhead 050 Recovery of overpayments and losses*, the increase of \$50,950,000 (12.9%) is mainly due to the higher than expected recoveries of unspent balance of subventions to non-government organisations.

Under *Subhead 080 Transfers from Funds*, the decrease of \$4,800,000,000 (69.6%) is mainly due to no transfer from Loan Fund is to be made in 2006–07.

Under *Subhead 110 Payments made by Trading Funds*, the increase of \$45,594,000 (67.5%) is mainly due to the higher than expected payments in lieu of profits tax made by Trading Funds arising from higher assessable profits for 2005–06. (As Trading Funds remain part of Government, they are not liable to profits tax but instead make a payment of an equivalent amount in lieu of this to the general revenue.)

The 2007–08 estimate of \$36,354,064,000 is a net increase of \$27,654,515,000 (317.9%) over the revised estimate of 2006–07.

Under *Subhead 010 Repayments of loans and advances*, the decrease of \$114,714,000 (97.8%) is mainly due to the interest-free advance to the Guangdong Authority for carrying out works related to the supply of water to Hong Kong having been fully repaid in 2006–07.

Under *Subhead 050 Recovery of overpayments and losses*, the decrease of \$66,696,000 (15.0%) is mainly due to the anticipated reduction in recoveries of unspent balance of subventions to non-government organisations.

Under *Subhead 080 Transfers from Funds*, the increase of \$29,700,000,000 (1,414.3%) is mainly due to the expected transfer from Capital Works Reserve Fund to the general revenue in 2007–08.

Under *Subhead 090 Other receipts*, the decrease of \$1,827,294,000 (47.8%) is mainly due to the lower receipts expected from the distribution of dividends from Hong Kong Cyberport Development Holdings Limited generated from

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the sale of private units in the Cyberport Project, and the discounting of the proceeds from the sale of former government quarters in 2006–07.

Under *Subhead 110 Payments made by Trading Funds*, the decrease of \$33,052,000 (29.2%) is mainly due to the expected decrease in payments in lieu of profits tax made by Trading Funds arising from an expected lower level of their assessable profits for 2006–07. (As Trading Funds remain part of Government, they are not liable to profits tax but instead make a payment of an equivalent amount in lieu of this to the general revenue.)