

Head 7 — PROPERTIES AND INVESTMENTS

Details of Revenue

| Sub-head (Code) | Actual revenue 2008–09 | Original estimate 2009–10 | Revised estimate 2009–10 | Estimate 2010–11 |
|--|------------------------------|---------------------------------|--------------------------------|--------------------------|
| | \$'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..... | 1,807,951 | 1,619,728 | 1,603,812 | 1,724,195 |
| 020 Rents from government quarters..... | 748,138 | 744,171 | 719,516 | 701,515 |
| 030 Rents from government properties..... | 1,177,409 | 1,085,662 | 1,146,773 | 1,260,987 |
| 040 Investment income and interest | 23,352,113 | 16,298,000 | 17,895,726 | 15,564,000 |
| 060 Returns on equity investments in statutory agencies/corporations | 2,805,961 | 2,866,300 | 3,119,833 | 3,480,989 |
| 080 Recovery from Housing Authority under current financial arrangement..... | 470,996 | 969,978 | 864,100 | 118,472 |
| 090 Government rents charged at 3% of rateable values in accordance with the Government Rent (Assessment and Collection) Ordinance (Cap. 515) | 5,943,721 | 5,844,000 | 5,730,000 | 6,004,000 |
| Total | <u>36,306,289</u> | <u>29,427,839</u> | <u>31,079,760</u> | <u>28,854,158</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 and Tenants Purchase Scheme flats are also included in this head.

Revenue from properties and investments generated 12.4% of total revenue in 2009–10.

Underlying Changes in Revenue Yield

The **2009–10** revised estimate of \$31,079,760,000 is a net increase of \$1,651,921,000 (5.6%) over the original estimate.

Under *Subhead 080 Recovery from Housing Authority under current financial arrangement*, the decrease of \$105,878,000 (10.9%) is mainly due to decrease in payment by the Housing Authority of the land costs for flats sold under Home Ownership Scheme.

The **2010–11** estimate of \$28,854,158,000 is a net decrease of \$2,225,602,000 (7.2%) against the revised estimate for 2009–10.

Under *Subhead 030 Rents from government properties*, the increase of \$114,214,000 (10.0%) is mainly due to the lapse of the 2009–10 rental concession and the expected increase in revenue from new tenancies.

Under *Subhead 040 Investment income and interest*, the decrease of \$2,331,726,000 (13.0%) is mainly due to the lower fund balance placed with the Exchange Fund for investment purpose and the decrease in rate of return.

Under *Subhead 060 Returns on equity investments in statutory agencies/corporations*, the increase of \$361,156,000 (11.6%) is due to the expected increase of the cash dividends received by the Government from MTR Corporation Limited in 2010–11.

Under *Subhead 080 Recovery from Housing Authority under current financial arrangement*, the decrease of \$745,628,000 (86.3%) is mainly due to the expected decrease in payment by the Housing Authority of the land costs for flats sold under Home Ownership Scheme.