

Head 7 — PROPERTIES AND INVESTMENTS

Details of Revenue

| Sub-head (Code) | Actual revenue 1998–99 | Original estimate 1999–2000 | Revised estimate 1999–2000 | Estimate 2000–01 |
|---|------------------------------|-----------------------------------|----------------------------------|--------------------------|
| | \$'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..... | 1,788,226 | 1,940,574 | 1,755,275 | 1,746,719 |
| 020 Rents from government quarters | 542,429 | 535,388 | 551,726 | 545,709 |
| 030 Rents from government properties | 453,361 | 504,694 | 539,838 | 1,017,870 |
| 040 Investment income and interest | 21,567,968 | 8,038,845 | 15,664,126 | 9,660,000 |
| 060 Returns on equity investments in statutory agencies/corporations | 1,252,000 | — | — | 15,000,000 |
| 080 Recovery from Housing Authority under current financial arrangement | 1,471,217 | 935,000 | 639,900 | 2,678,500 |
| 090 Government rents charged at 3% of rateable values in accordance with the Government Rent (Assessment and Collection) Ordinance (Cap. 515) | 4,298,391 | 3,960,000 | 3,970,000 | 3,880,000 |
| Total | <u>31,373,592</u> | <u>15,914,501</u> | <u>23,120,865</u> | <u>34,528,798</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 14.7% of general revenue in 1999–2000.

Underlying Changes in Revenue Yield

The **1999–2000** revised estimate of \$23,120,865,000 is a net increase of \$7,206,364,000 (45.3%) on the original estimate.

Under *Subhead 040 Investment income and interest* the increase of \$7,625,281,000 (94.9%) is due to higher yield from the investment of the balance of the General Revenue Account with the Exchange Fund.

Under *Subhead 080 Recovery from Housing Authority under current financial arrangement* the decrease of \$295,100,000 (31.6%) is due to the lower than expected sum recovered from the Housing Authority to cover the land costs of Home Ownership Scheme flats as a result of the smaller than expected number of flats completed in 1998–99.

The **2000–01** estimate of \$34,528,798,000 is a net increase of \$11,407,933,000 (49.3%) on the revised estimate for 1999–2000.

Under *Subhead 030 Rents from government properties* the increase of \$478,032,000 (88.6%) is due to the additional rents receivable from the properties which were previously under the control of the former Provisional Municipal Councils before their dissolution on 1 January 2000.

Under *Subhead 040 Investment income and interest* the decrease of \$6,004,126,000 (38.3%) reflects the anticipated investment return of the balance of the General Revenue Account from the Exchange Fund in 2000–01.

Under *Subhead 060 Returns on equity investments in statutory agencies/corporations* the estimated sum of \$15,000,000,000 is the proceeds in 2000–01 from the partial privatisation of the Mass Transit Railway Corporation.

Under *Subhead 080 Recovery from Housing Authority under current financial arrangement* the increase of \$2,038,600,000 (318.6%) is due to the anticipated increase in the sum recoverable from the Housing Authority to cover the land costs of Home Ownership Scheme flats completed in 1999–2000.