

LOAN FUND

Memorandum Note

On 1 April 1990, the Legislative Council established the Loan Fund by Resolution to assume the functions of the Development Loan Fund and the Student Loan Fund. The Development Loan Fund had been used to finance development schemes in Hong Kong through loans and advances. The Student Loan Fund had been used to finance loans to students at selected post-secondary institutions. The Resolution provides, inter alia, that—

- (a) the Fund be administered by the Financial Secretary who may delegate his power of administration to other public officers;
- (b) there be credited to the Fund—
 - (i) such appropriations from general revenue as may be approved by the Legislative Council for the purpose of the Fund;
 - (ii) all sums received by way of repayment of any loan or advance made from the Fund under sub-paragraph (c) below;
 - (iii) all sums received by way of interest or dividend on any loan or advance made from the Fund under sub-paragraph (c) below and any sum invested under sub-paragraph (e) below;
 - (iv) all sums received from the sale or other disposal of all or part of any investment made under sub-paragraph (e) below; and
 - (v) all such other sums as may be received for the purpose of the Fund;
- (c) the Financial Secretary may expend moneys from the Fund for the purpose of—
 - (i) meeting the liabilities assumed under the terms and conditions already approved as at 31 March 1990 by the Finance Committee; and
 - (ii) granting loans and advances to such persons as may be approved by the Finance Committee, in accordance with such terms and conditions as may be specified by the Finance Committee;
- (d) the Director of Accounting Services shall, under the authority of a funds warrant issued by the Financial Secretary, pay from the Fund such sums as may be required to meet expenditure from the Fund;
- (e) the Financial Secretary may, in his discretion, authorise the investment of moneys forming the unexpended balance held in the Fund at any time in interest-bearing securities in such manner as he may determine; and
- (f) the Financial Secretary may from time to time transfer from the Fund to the general revenue any balance held in the Fund which is not in his opinion reasonably required for the purpose of the Fund.

2 The loan payments for 1999–2000 and 2000–01 are estimated at \$8,120,502,000 and \$9,470,715,000 respectively.

3 The loan repayments and other receipts for 1999–2000 and 2000–01 are estimated at \$11,585,147,000 and \$6,975,470,000 respectively.

4 The following notes supplement the estimates of payments and receipts in respect of the approved projects.

Head 251—Housing

Hong Kong Housing Society

5 Government provided loans totalling \$146,019,000 to the Housing Society for the completed housing schemes and charged interest on the outstanding balance at either 3.5% or 5% per annum. These loans are repayable over forty years from the date of completion of each respective scheme. From July 1974 to January 1988, the Finance Committee approved two separate loans at 5% per annum and another two interest-free loans totalling \$390,800,000 to the Housing Society for the development of different public housing projects. These loans are repayable over periods ranging from seven years to forty years. The total value of approved loans to the Housing Society for these housing schemes is \$536,819,000 against which \$536,818,000 had been drawn down and no further drawdown is expected. By 31 March 2000, the Housing Society is expected to have repaid \$352,647,000. In 2000–01, the estimated repayment is \$31,043,000, bringing the total repayments to \$383,690,000.

6 On 8 July 1994, the Finance Committee approved a commitment of \$7,000,000,000 to provide a loan to the Housing Society to pay land premia of eight Sandwich Class Housing sites. Interest on the loan is at 5% per annum and is capitalised until completion and sale of the flats on the sites. Of this approved loan, \$6,515,350,000 was drawn by 31 March 1996. With the undrawn balance from the first loan, on 19 July 1996 the Finance Committee approved an increase in the approved commitment by \$6,900,000,000 to \$13,900,000,000 to provide a further loan of \$7,400,000,000 in respect of the land premia of another seven Sandwich Class Housing sites. The terms and conditions were the same as the loan approved on 8 July 1994. Of this second loan, \$1,208,980,000 was drawn by 31 March 1997. No further drawdown is expected. By 31 March 2000, the Housing Society is expected to have repaid \$7,816,263,000. In 2000–01, a further \$1,461,533,000 will be repaid, bringing the total repayments to \$9,277,796,000, including capitalised interest.

7 On 3 February 1997, the Finance Committee approved a commitment of \$1,380,000,000 to provide the Housing Society with interest-free funding to make loans under the extended Sandwich Class Housing Loan Scheme whereby low interest loans are granted to eligible applicants to assist them in buying their own homes. The Housing Society had fully drawn down the commitment by 31 March 1998. On 14 April 1999, the Housing Society returned the unspent commitment balance of \$927,000,000 to the Government. The Housing Society is required to repay to the Government

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annually all sums received from the borrowers. No repayment is expected from the Housing Society until the year 2002–03.

8 On 9 January 1998, the Finance Committee approved a commitment of \$18,000,000,000 to provide the Housing Society with interest-free funding to make loans under the Home Starter Loan Scheme whereby low interest loans are granted to eligible first-time home buyers to purchase their own homes. Of this approved loan, \$7,800,000,000 is expected to be drawn by 31 March 2000. In 2000–01, the estimated drawdown is \$3,600,000,000. Under the condition of the Loan Agreement, the Housing Society is required to repay to the Government annually all sums received from the borrowers less reasonable expenses. No repayment is expected from the Housing Society until the year 2002–03.

Local government officers

Loans to members of co-operative building societies and underlessees of government-built housing schemes

9 The Finance Committee approved a project estimate of \$60,000,000 in 1986 for granting loans to members of co-operative building societies and underlessees of government-built housing schemes who have dissented from the majority decision to dissolve their societies or schemes to meet part of their financial commitments in effecting the transfer of title of flats and land to them. The loans are repayable over five years by equal instalments of principal and interest on the reducing balance. Under a new approach effected since January 1993, dissenting members will be allowed to remain in their flats without taking title, and are, therefore not eligible for the loan. However, dissenting members of those societies whose applications for transfer of title were submitted before January 1993 and dissenting underlessees of government-built housing schemes which are not covered by the new approach remain eligible for the loan. The revised estimates for loan payments and repayments for 1999–2000 are \$1,000,000 and \$43,000 respectively. In 2000–01, it is expected that \$5,000,000 and \$615,000 will be drawn down and repaid respectively.

Housing assistance for civil servants

10 On 11 February 1981, the Finance Committee approved a project estimate of \$400,000,000 to provide downpayment loans and housing loans under the civil service housing benefits schemes. From December 1985 to January 1989, the project estimate was increased several times to \$2,137,000,000 to cover additional requirements. On 13 July 1990, 9 June 1995 and 7 May 1999, the Finance Committee approved increases in the project estimate by \$4,553,000,000, \$2,123,000,000 and \$1,625,000,000 respectively to \$10,438,000,000 for servicing loans under the Home Purchase Scheme, the Home Financing Scheme and the Housing Loan Scheme. All the above loans are repayable with interest.

11 As at 31 March 1999, the net amount of outstanding loans recoverable from civil servants was \$8,283,316,000. The revised estimates of loan payments and repayments for 1999–2000 are \$1,629,746,000 and \$1,183,461,000 respectively. The net amount of outstanding loans recoverable as at 31 March 2000 is estimated to be \$8,729,601,000. As for 2000–01, the estimates of loan payments and repayments are \$1,662,771,000 and \$1,281,240,000 respectively. The estimated amount of outstanding loans principal as at 31 March 2001 is \$9,111,132,000.

Housing loans to Hong Kong Institute of Education staff

12 On 28 June 1996, the Finance Committee approved a commitment of \$30,000,000 for housing loans to eligible ex-Education Department lecturing staff who have transferred to the Hong Kong Institute of Education (HKIEd). Under the bridging-over arrangements for civil servants on transfer to the HKIEd, lecturing staff on Master Pay Scale points 22 to 33 may retain their eligibility for the Home Purchase Scheme, including the downpayment loan. The loans shall be repayable by monthly instalments of principal and interest over a maximum period of ten years in the same way as those for civil servants. By 31 March 2000, the estimated cumulative drawdowns and repayments are \$6,035,000 and \$4,175,000 respectively. In 2000–01, the estimated drawdown and repayments are \$1,029,000 and \$69,000 respectively.

Head 252—Loans to Schools/Teachers

Loans to schools

13 Consequent upon the abolition of ‘tong fai’ and similar charges in junior secondary forms of aided and private non-profit-making schools approved on 9 May 1979, no new loans have been granted to these schools since 1 September 1979. Repayment of all outstanding loans for these schools has been waived. Loans to other schools are still subject to repayment. The approved project estimate was \$222,086,000 against which, loans totalling \$221,488,000 had been drawn and no further drawdown is expected. By 31 March 2000, it is expected that \$204,797,000 will have been repaid and, in 2000–01, the estimated repayments are \$3,075,000.

Loans to schools in the Bought Place Scheme

14 On 12 July 1991, the Finance Committee approved a commitment to provide loans up to a total of \$490,000,000 to existing schools in the Bought Place Scheme (BPS) housed in rented accommodation for acquiring permanent school premises and converting their special room facilities to bring them up to aided school standards. Under the Scheme, a BPS school which has secured a government loan will not be required to repay the loan as long as it remains in the BPS. However, if it ceases operation during the BPS stage or leaves the BPS, it may be required to repay the loan with interest. Loans totalling \$309,788,000 are expected to have been drawn by 31 March 2000 and the estimated drawdown in 2000–01 is \$1,820,000. No repayments are expected in 1999–2000 and 2000–01.

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Loans to schools in the Direct Subsidy Scheme

15 On 12 July 1991, the Finance Committee approved a commitment of \$36,760,000 to provide an interest-free loan to the Chinese International School to meet part of the construction cost of a new school building at Braemar Hill, Hong Kong. The loan is repayable over a period of ten years from 1992. On 5 March 1993, the Finance Committee approved a commitment of \$20,225,000 to provide an interest-free loan to the German Swiss International School to meet part of the construction cost of its extension block at Guildford Road, Hong Kong. The loan is repayable over a period of ten years from 1994. On 16 April 1993, the Finance Committee approved a commitment of \$45,207,000 to provide an interest-free loan to the Hong Kong International School to meet part of the construction cost of its extension project at Tai Tam, Hong Kong. The loan is repayable over a period of ten years from 1996. On 24 May 1996, the Finance Committee approved a commitment of \$79,769,000 to provide an interest-free loan to the French International School to meet part of the construction cost of its extension project at Blue Pool Road, Hong Kong. The loan is repayable over a period of ten years from 2000. The total approved commitment is therefore \$181,961,000. The loans have been fully drawn down. By 31 March 2000, it is expected that \$60,872,000 will have been repaid. The estimated repayments in 2000–01 are \$18,196,000.

Loans to non-profit-making international schools

16 On 17 January 1997, the Finance Committee approved a commitment of \$66,591,000 to provide an interest-free loan to the Canadian International School to meet part of the construction cost of a new school building at Nam Long Shan Road, Hong Kong. The loan is repayable over a period of ten years with the first instalment due one year after the loan is drawn down. On 20 June 1997, the Finance Committee approved a commitment of \$44,800,000 to provide an interest-free loan to the Hong Kong Japanese International School Limited to meet the capital cost of a new school building in Tai Po Kau, N.T. The loan is repayable over a period of ten years with the first instalment due one year after the loan is drawn down. On 26 November 1999, the Finance Committee approved a commitment of \$77,000,000 to provide an interest-free loan to the Australian International School Foundation Limited to meet part of the construction cost of a new school building at Kowloon Tong. The loan is repayable over a period of ten years with the first instalment due one year after the loan is drawn down. The total approved commitment is therefore \$188,391,000 of which \$111,391,000 had been drawn down and \$3,915,000 repaid by 31 March 2000. The estimated drawdown and repayments for 2000–01 are \$77,000,000 and \$11,139,000 respectively.

Slope improvement loan scheme for private schools

17 On 25 June 1999, the Finance Committee approved a commitment of \$100,000,000 to provide loans to private schools for upgrading their sub-standard slopes under their maintenance responsibility as required by Dangerous Hillside Orders served by the Building Authority under section 27A of the Buildings Ordinance. The loans are offered on a non-means-tested basis. Loans to non-profit-making private schools will be interest-free whereas those to profit-making private schools will bear interest at the “no-gain-no-loss” rate. The loans will normally be repayable with interest, where applicable, by instalments within a period of up to 60 months. This may be extended to a maximum of 120 months having regard to justifications. The first instalment will become due one month after the final drawdown of the loan.

18 The loan scheme will operate on a revolving basis. The estimated drawdowns in 1999–2000 and 2000–01 are \$42,000,000 and \$58,000,000 respectively. No repayment is expected in 1999–2000. The estimated repayments in 2000–01 are \$6,400,000.

Loans to teachers in training

19 The Student Finance Assistance Scheme (SFAS) provided loans to eligible students at the then Colleges of Education including the Hong Kong Technical Teachers’ College before the 1994–95 academic year. Loans are normally repayable over a period of four years after the students leave the institutions. With effect from the 1990–91 academic year, loans made under this scheme are repayable at an interest rate of 2.5% per annum. Loans totalling \$77,076,000 were drawn. Repayments of \$ 76,155,000 are expected to have been received by 31 March 2000 and the repayments in 2000–01 are estimated at \$699,000.

20 In 1994–95, the Colleges of Education and the Institute of Language in Education were merged to form the Hong Kong Institute of Education (HKIEd), and the Local Student Finance Scheme was extended to cover students of the HKIEd attending eligible courses with effect from the same year. Loans to the students concerned have since been provided for under Head 254 - Loans to Students.

Head 254—Loans to Students

Students of the universities, the Hong Kong Institute of Vocational Education, Prince Philip Dental Hospital, Hong Kong Institute of Education and Hong Kong Academy for Performing Arts

21 The Local Student Finance Scheme (LSFS) provides financial assistance to full-time local students undertaking degree and sub-degree courses at the universities, the Hong Kong Institute of Vocational Education; the Dental Technology course at the Prince Philip Dental Hospital; the Hong Kong Institute of Education and the Hong Kong Academy for Performing Arts.

22 The LSFS, which is a means-tested scheme, provides assistance to students in need in the form of grants and/or loans. The loan element is intended to help towards meeting students’ living and personal expenses. The maximum

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loan for each student was reduced from \$36,800 in 1998–99 to \$35,100 in 1999–2000. The loans, which are interest-bearing at 2.5% per annum as from the commencement of repayment, are normally repayable over a period of five years after the students' graduation or termination of studies.

Non-means-tested loan scheme for students of government-funded tertiary institutions, Open University of Hong Kong and Hong Kong Shue Yan College

23 The Non-means-tested Loan Scheme (NLS) was a new scheme introduced in 1998–99 to provide loans to full-time and part-time local students undertaking publicly-funded degree and sub-degree courses at the universities, the Hong Kong Institute of Vocational Education, the Dental Technology course at the Prince Philip Dental Hospital, and eligible courses at the Hong Kong Institute of Education and the Hong Kong Academy for Performing Arts; students of the Open University of Hong Kong and full-time students of the Hong Kong Shue Yan College.

24 The NLS provides assistance to students in the form of loans. The main objective of the scheme is to offer a new channel of finance to those who prefer to pursue their tertiary education on their own without relying on family support. The scheme aims to enable students to meet education-related expenses not currently covered by the LSFS and to relieve students from having to work part-time for excessive hours and/or resort to high-interest commercial credit facilities to finance their living costs and other academic expenses.

25 The loan ceiling under the NLS is capped at the tuition fee level. For successful applicants under the LSFS, the maximum amount of NLS loans would be the difference between the amount of the financial assistance awarded under the LSFS and the aggregate of maximum grant and loan under the LSFS, subject to the NLS loan ceiling not being exceeded. The loans are normally repayable over a period of ten years after the students' graduation or termination of studies. Unlike the LSFS, interest will be charged once the non-means-tested loan is drawn down and throughout the repayment period at an annual rate of 1.5% on top of the Civil Service Housing Loan Scheme Interest Rate. The Civil Service Housing Loan Scheme Interest Rate is subject to periodic review and/or adjustment while any adjustment to the 1.5% should be approved by the Finance Committee. Other repayment terms are similar to those of the LSFS. As the NLS will be operated on a no-gain-no-loss and cost-recovery basis, an administrative fee will be charged upon application and annually thereafter.

26 On 12 November 1999, the Finance Committee approved the expansion of the NLS to cover students of self-financing, local award-bearing programmes offered by publicly-funded institutions, part-time students of local award-bearing programmes of the Hong Kong Shue Yan College and students of the common foundation year course or publicly-funded programmes at Technician level in the Hong Kong Institute of Vocational Education with effect from the 2000–01 academic year as one of the measures to encourage self-advancement through continued education. The interest rate and repayment terms are similar to the existing NLS.

Students of approved post-secondary colleges

27 The Student Finance Assistance Scheme provides loans to eligible students studying the four-year diploma course at the Hong Kong Shue Yan College. The maximum level of a loan to these students was reduced from \$19,200 to \$18,800 in 1999–2000. The loans are repayable over a period of four years after the students leave the college. Since the 1991–92 academic year, the interest rate of these loans has been fixed at 2.5% per annum.

Hong Kong students in the United Kingdom

28 The former Hong Kong/United Kingdom Governments Joint Funding Scheme provides financial assistance to eligible Hong Kong students of first degree or Higher National Diploma courses in the United Kingdom. Financial assistance under the scheme is subject to means-testing and is in the form of grants and loans. Loans under this scheme are normally repayable over a period of five years after the students' graduation or termination of studies.

29 The scheme is being phased out as from 1994–95. A small number of eligible Hong Kong students who have been studying in the United Kingdom since the 1993–94 academic year and have not yet completed their courses in 1999–2000 due to reasons beyond their control will continue to be eligible for the awards until the completion of their existing diploma or first degree courses.

30 By 31 March 2000, the estimated cumulative drawdown and repayments under the schemes mentioned in paragraphs 21 to 29 above are \$7,618,746,000 and \$2,846,561,000 respectively. The estimated outstanding balance of loans recoverable as at 31 March 2000 is \$4,772,185,000. The estimates of loan payments and repayments for 2000–01 are \$1,334,480,000 and \$794,301,000 respectively. The estimated outstanding balance of loans recoverable as at 31 March 2001 is therefore \$5,312,364,000.

Head 255—Interest-free loans to employees injured at work and dependants of employees who die as a result of work-related accidents

Loans to employees injured at work and dependants of deceased employees

31 On 2 July 1993, the Finance Committee approved a revolving fund with a project estimate of \$10,000,000 to provide temporary relief in the form of interest-free loans of up to \$15,000 each to employees injured at work and to dependants of employees who die as a result of work-related accidents. The loans are normally repayable in four equal quarterly payments after the relevant employees and their dependants received the compensation claims. By

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31 March 2000, it is expected that \$3,021,000 and \$550,000 will have been drawn and repaid respectively. The estimated drawdown and repayments in 2000–01 are \$1,275,000 and \$798,000 respectively.

Head 256—Interest-free loans for starting up Occupational Deafness Compensation Scheme

Loan to Occupational Deafness Compensation Board

32 On 28 April 1995, the Finance Committee approved an interest-free loan of \$115,000,000 to the Occupational Deafness Compensation Board for starting up the Occupational Deafness Compensation Scheme. The Board had drawn the full amount of \$115,000,000 by 31 March 1998. The loan is repayable in nine annual instalments starting from 1997–98. The first eight instalments are \$13,000,000 each and the balance of \$11,000,000 is to be paid in the last instalment. The cumulative repayment by 31 March 2000 is estimated at \$39,000,000. In 2000–01, the estimated repayment is \$13,000,000.

Head 262—Primary Products

Fisheries loans

33 The Fisheries Development Loan Fund is a revolving fund established in January 1960 with a project estimate of \$2,000,000 from the Development Loan Fund to provide loans at 6% per annum to promote fishing in middle and distant waters. The approved commitment for this fund was increased to \$5,000,000 in December 1961, \$7,000,000 in October 1984 and \$100,000,000 in November 1997. Loans are to be repaid by instalments according to a quarterly repayment pledge. Loan repayments are normally by deduction at a minimum rate of 15% of the proceeds of sale of catches at the wholesale fish markets run by the Fish Marketing Organisation and by cash in case the deduction falls short of the quarterly repayment pledge. The net outstanding loans at 31 March 1999 were \$22,908,000. The expected drawdowns in 1999–2000 and 2000–01 are \$11,700,000 and \$6,000,000 respectively. The estimated repayments for the same periods are \$1,802,000 and \$4,297,000 respectively.

Kadoorie Agricultural Aid Loan Fund-livestock waste control scheme

34 On 16 March 1988, the Finance Committee approved a commitment of \$46,700,000 to the Kadoorie Agricultural Aid Loan Fund (KAALF) to enable it to provide loans, at interest rates determined by the KAALF Committee, to livestock farmers for installing waste treatment facilities in compliance with the requirements of the Waste Disposal Ordinance (Cap. 354) and the Waste Disposal (Livestock Waste) Regulations. On 10 December 1993, the Finance Committee approved an increase in the commitment by \$33,800,000 to \$80,500,000. The KAALF had drawn \$18,780,000 by 31 March 1999 and no further drawdown is expected. It is estimated that by 31 March 2000 the KAALF will have repaid \$5,437,000. In 2000–01, the estimated repayments are \$4,374,000.

Kadoorie Agricultural Aid Loan Fund-loans to poultry farmers

35 On 9 January 1998, the Finance Committee approved a commitment of \$80,000,000 to the Kadoorie Agricultural Aid Loan Fund (KAALF) to enable it to provide loans, at an interest rate of 2% per annum, to chicken farmers affected by the poultry slaughter operation due to the avian influenza outbreak. The loans are for the chicken farmers to re-establish their businesses or to upgrade their equipment and facilities for the purpose of improving hygiene on the farms. It is estimated that by 31 March 2000 the KAALF will have drawn \$15,500,000 and repaid \$13,489,000. In 2000–01, no drawdown is expected and the estimated repayments are \$1,886,000.

Kadoorie Agricultural Aid Loan Fund-loans to mariculturists

36 On 23 April 1998, the Finance Committee approved a commitment of \$200,000,000 to the Kadoorie Agricultural Aid Loan Fund (KAALF) to enable it to provide loans at an interest rate of 2% per annum to mariculturists affected by the red tide in March and April 1998. The loans are for the mariculturists to re-establish their fish farming businesses. It is estimated that by 31 March 2000 the KAALF will have drawn \$130,189,000 and repaid \$13,565,000. In 2000–01, no drawdown is expected and the estimated repayments are \$112,736,000.

Loans to poultry wholesalers and retailers

37 On 9 January 1998, the Finance Committee approved a commitment of \$570,000,000 to provide loans at an interest rate of 2% per annum to poultry wholesalers and retailers who were affected by the avian influenza outbreak. The loans are for the poultry wholesalers and retailers to resume their businesses. It is estimated that by 31 March 2000, loans totalling \$81,498,000 will have been drawn and \$76,861,000 will have been repaid. In 2000–01, no drawdown is expected and the estimated repayments are \$4,487,000.

Fish Marketing Organisation Loan Fund-loans to fishermen

38 On 25 June 1999, the Finance Committee approved a commitment of \$65,000,000 to the Fish Marketing Organisation Loan Fund (FMOLF) to enable it to provide loans, at an interest rate of 3% per annum, to fishermen affected by the fishing moratorium in the South China Sea during June and July 1999. The loans are for the fishermen to maintain and repair their fishing vessels for resumption of fishing operations after the moratorium. It is estimated that by 31 March 2000 the FMOLF will have drawn \$46,645,000 and repaid \$9,300,000. In 2000–01, there will be no drawdown as the commitment is made available for 1999–2000 only; the estimated repayments are \$37,345,000.

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Head 264—Development of Industrial Estates - Hong Kong Industrial Estates Corporation

Tseung Kwan O Industrial Estate Loan

39 On 16 March 1990, the Finance Committee approved a commitment of \$900,000,000 to provide a loan to the Hong Kong Industrial Estates Corporation to meet the development costs of an industrial estate at Tseung Kwan O. This loan is repayable in seven annual instalments commencing a year after completion of the first phase of the estate in 1997–98. The Corporation will pay interest at 5% per annum on the outstanding balance of the loan with interest incurred during the construction period to be capitalised. The Corporation will have drawn down \$226,400,000 and repaid \$84,475,000 by 31 March 2000. In 2000–01, no drawdown is expected and the estimated repayment is \$42,238,000.

Head 265—Land Development

Land Development Corporation

40 On 15 July 1987, the Finance Committee approved a commitment of \$100,000,000 to provide a loan to the Land Development Corporation for financing the establishment of the Corporation and its initial operation. The loan is to be drawn in tranches and for each tranche drawn, repayment is to be made by 25 equal annual instalments after a grace period of five years. Interest is payable on the outstanding balance at 5% per annum calculated from the date of the drawdown of each tranche. A total of \$31,150,000 was drawn by the Corporation by 31 March 1989. No further drawdown is expected. By 31 March 2000, the Corporation is expected to have repaid \$8,722,000. The estimated repayment in 2000–01 is \$1,246,000.

Head 266—Industry

Hong Kong Productivity Council

41 On 18 May 1988, the Finance Committee approved a commitment of \$156,100,000 to provide a loan to the Hong Kong Productivity Council for constructing a special-purpose building to house its present and planned facilities. On 31 May 1989, the Finance Committee approved an additional commitment of \$110,870,000 to the Council, thus bringing the total approved commitment to \$266,970,000. Against this sum, the Council drew a total of \$249,425,000. The Council will pay interest on the outstanding balance at the best lending rate quoted from time to time by the three note-issuing banks. Interest incurred during the construction period which ended in December 1990 has been capitalised. The loan and interest thereon are repayable annually over 20 years as from December 1991. By 31 March 2000, the Council is expected to have repaid \$124,530,000. The estimated repayment in 2000–01 is \$13,025,000.

Hong Kong Quality Assurance Agency

42 On 8 November 1991, the Finance Committee approved a commitment of \$20,000,000 to provide a loan to the Hong Kong Quality Assurance Agency for expanding its operation to cope with the increasing demand for ISO 9000 certification from Hong Kong industries. The Agency had drawn the full amount of \$20,000,000 by 31 March 1992. By 31 March 2000, the Agency is expected to have repaid \$19,534,000. The estimated repayment in 2000–01 is \$466,000.

Head 267—Estate Agents Authority

Loan to the Estate Agents Authority

43 On 13 June 1997, the Finance Committee approved a commitment of \$40,000,000 to provide a loan to the Estate Agents Authority for financing its establishment and initial operation. The first drawdown of \$22,000,000 was made in 1997–98 and the second and final drawdown of \$18,000,000 in 1998–99. The loan is repayable in ten equal annual instalments starting from 1999–2000. The Authority will pay interest at 5% per annum on the outstanding loan balance. The estimated repayments in 1999–2000 and 2000–01 are \$4,000,000 each.

Head 268—Fire Safety

Fire Safety Improvement Loan Scheme

44 On 20 March 1998, the Finance Committee approved a commitment of \$200,000,000 to set up the Fire Safety Improvement Loan Scheme (FSILS) to provide loans to assist owners of prescribed commercial premises and specified commercial buildings who are required by the Fire Safety (Commercial Premises) Ordinance (Cap. 502) to upgrade or improve the fire safety of their premises or buildings. The FSILS is a revolving loan facility. Interest on the outstanding balance of the loan is payable at the best lending rate from time to time quoted by the three note-issuing banks and calculated from the date of the drawdown. The expected drawdowns for 1999–2000 and 2000–01 are \$4,287,000 and \$61,000,000 respectively. No repayment is expected in 1999–2000. The estimated repayment in 2000–01 is \$13,345,000.

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Head 269—Building Safety

Building Safety Improvement Loan Scheme

45 On 20 March 1998, the Finance Committee approved a commitment of \$500,000,000 under the Building Safety Improvement Loan Scheme (BSILS) to provide loans to owners of domestic and domestic/commercial buildings who need financial assistance to participate in the Building Safety Inspection Scheme. The BSILS is a revolving loan facility. Interest is charged on the outstanding balance of the loans at a rate determined by the Government based on the 'no-gain, no-loss' principle. The expected drawdowns for 1999–2000 and 2000–01 are \$5,500,000 and \$11,700,000 respectively. The estimated repayments in 1999–2000 and 2000–01 are \$302,000 and \$3,600,000 respectively.

Head 273—Provisional Regional Council

46 On 13 January 1988, the Finance Committee approved a commitment of \$100,000,000 to provide a loan to the then Regional Council for the construction of a permanent Regional Council Chambers (estimated at \$40,000,000) and a Regional Services Department headquarters building (estimated at \$60,000,000) in Sha Tin.

47 The Council had fully drawn down and repaid the loan for the Council Chambers by 31 March 1994. The loan for the Regional Services Department headquarters building is interest-free and is repayable in equal annual instalments over 40 years from the date of occupation. The Council had fully drawn down the loan and begun to repay the loan in 1992–93. By 31 December 1999, \$12,000,000 had been repaid. On 1 January 2000, the Council was dissolved and all its property, rights and liabilities were vested in the Government. The outstanding loan of \$48,000,000 has therefore been written off.

Head 274—Tourism

International Events Fund

48 On 27 March 1998, the Finance Committee approved a commitment of \$100,000,000 to provide a loan to the Hong Kong Tourist Association for the setting up of the International Events Fund to promote international events in Hong Kong. The loan operates on a revolving basis with a credit limit of \$100,000,000 for a period of five years from the date of the first drawdown. The Association will pay interest at 5% per annum on the outstanding amount of the loan. The loan can be repaid at any time during the credit period. The outstanding loan amount will need to be repaid by the end of the credit period. The Association has drawn the full amount of \$100,000,000 in 1998–99. No repayments are expected in 1999–2000 and 2000–01.

Ocean Park Lowland Redevelopment Fund

49 On 21 May 1999, the Finance Committee approved a commitment of \$500,000,000 to provide a loan to the Ocean Park Corporation for accelerating the construction of "Adventure Bay" in its Lowland Redevelopment Project. The full amount of the loan will be drawn by 2003–04. The estimated payments in 1999–2000 and 2000–01 are \$5,050,000 and \$82,640,000 respectively. The Corporation will repay the loan in ten annual instalments of \$50,000,000 each, plus interest at 5% per annum on the outstanding amount of the loan, due on 30 June each year from 2004.

Head 275—Small and Medium Enterprises

Special finance scheme for small and medium enterprises

50 On 31 July 1998, the Finance Committee approved a commitment of \$2,500,000,000 for the establishment of a special finance scheme, which operates on a revolving basis, to provide guarantees for loans or credit facilities extended by recognised lending institutions to small and medium enterprises who are particularly hard hit by the liquidity crunch in Hong Kong. The maximum amount of the guarantee in each case is either \$2,000,000 or 50% of an approved loan, whichever is the less. On 23 April 1999, the Finance Committee approved an increase in the maximum amount of the guarantee in each case to either \$2,000,000 or 70% of an approved loan, whichever is the less. Under the scheme, the Government will place with a lending institution, in the case of one who so requests, a deposit up to an amount of each guarantee issued. Accordingly, placements and upliftings of deposits are classified as payments and receipts under the Fund. In addition, payments and recoveries of compensation under guarantees in default cases will also be classified as payments and receipts respectively. On 12 November 1999, the Finance Committee approved the increase of commitment to \$5,000,000,000 and at the same time, the revocation of the deposit option for lending institutions. The estimated payments in 1999–2000 and 2000–01 are \$240,000,000 and \$307,000,000 respectively. The estimated receipts for the same periods are \$200,000,000 and \$30,000,000 respectively.

Head 276—Water Supply

Loan to the Guangdong Provincial People's Government for water quality improvement project

51 On 3 April 1998, the Finance Committee approved a commitment of \$2,364,000,000 to provide an interest-free loan to the Guangdong Provincial People's Government to help finance a works project in Guangdong to improve the quality of water supplied to the Hong Kong Special Administrative Region. The loan will be drawn in eight equal payments and the first drawdown of \$295,500,000 was made in December 1998. The drawdowns in 1999–2000 and 2000–01 are estimated at \$591,000,000 each. The Guangdong Provincial People's Government will repay the loan in 20 annual instalments of \$118,200,000 each starting from the time of commissioning of the water quality improvement project or the year 2003, whichever is the earlier. No repayments are expected in 1999–2000 and 2000–01.

LOAN FUND

Additional Commitments

52 A sum of \$1,670,000,000 will be required in 2000-01 to allow for additional commitments that may be identified during the course of the year.

LOAN FUND

(Payments)

Sub-head (Code)	Approved commitment	Actual expenditure to 31.3.99	Revised estimate 1999–2000	Estimate 2000–01
	\$'000	\$'000	\$'000	\$'000
Loans				
Head 251—Housing				
Hong Kong Housing Society				
114	Sandwich class housing.....	13,900,000	7,724,330	—
115	Sandwich class housing loan scheme.....	1,380,000	1,380,000	—
116	Home starter loan scheme	18,000,000	3,600,000	4,200,000
				3,600,000
Local government officers				
123	Loans to members of co-operative building societies and underlessees of government-built housing schemes.....	60,000	—	1,000
				5,000
Housing assistance for civil servants				
151	Housing loans §	10,438,000	8,283,316	1,629,746
				1,662,771
Housing loans to Hong Kong Institute of Education staff				
161	Housing loans.....	30,000	4,175	1,860
				1,029
	<i>Head 251: total</i>	<u>43,808,000</u>	<u>20,991,821</u>	<u>5,832,606</u>
				5,268,800
Head 252—Loans to Schools/Teachers				
101	Loans to schools.....	222,086	221,488	—
102	Loans to schools in the Bought Place Scheme ...	490,000	291,375	18,413
103	Loans to schools in the Direct Subsidy Scheme	181,961	102,192	79,769
104	Loans to non-profit-making international schools	188,391	111,391	—
105	Slope improvement loan scheme for private schools §	100,000	—	42,000
111	Loans to teachers in training	—	77,076	—
				58,000
	<i>Head 252: total</i>	<u>1,182,438</u>	<u>803,522</u>	<u>140,182</u>
				136,820
Head 254—Loans to Students				
101	Students of the universities, the Hong Kong Institute of Vocational Education, Prince Philip Dental Hospital, Hong Kong Institute of Education and Hong Kong Academy for Performing Arts	—	5,753,742	686,229
				688,670

§ The actual expenditure to 31.3.99 represents the net amount of outstanding loans as at that date.

LOAN FUND
(Payments)

Sub-head (Code)	Approved commitment	Actual expenditure to 31.3.99	Revised estimate 1999–2000	Estimate 2000–01					
	\$'000	\$'000	\$'000	\$'000					
Loans									
Head 267—Estate Agents Authority									
101	Loan to Estate Agents Authority	40,000	40,000	—					
	<i>Head 267: total</i>	40,000	40,000	—					
Head 268—Fire Safety									
101	Fire Safety Improvement Loan Scheme §	200,000	—	4,287					
	<i>Head 268: total</i>	200,000	—	4,287					
Head 269—Building Safety									
101	Building Safety Improvement Loan Scheme § ..	500,000	508	5,500					
	<i>Head 269: total</i>	500,000	508	5,500					
Head 274—Tourism									
101	International Events Fund §	100,000	100,000	—					
111	Ocean Park Lowland Redevelopment Fund	500,000	—	5,050					
	<i>Head 274: total</i>	600,000	100,000	5,050					
Head 275—Small and Medium Enterprises									
101	Special finance scheme for small and medium enterprises §	5,000,000	141,080	240,000					
	<i>Head 275: total</i>	5,000,000	141,080	240,000					
Head 276—Water Supply									
101	Loan to the Guangdong Provincial People's Government for water quality improvement project	2,364,000	295,500	591,000					
	<i>Head 276: total</i>	2,364,000	295,500	591,000					
	Additional Commitments	—	—	1,670,000					
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 45%;">Total (Payments)</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">55,699,938</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">29,245,941</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">8,120,502</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">9,470,715</td> </tr> </table>					Total (Payments)	55,699,938	29,245,941	8,120,502	9,470,715
Total (Payments)	55,699,938	29,245,941	8,120,502	9,470,715					

§ The actual expenditure to 31.3.99 represents the net amount of outstanding loans as at that date.

LOAN FUND
(Receipts)

Sub-head (Code)	Actual receipts to 31.3.99	Revised estimate 1999–2000	Estimate 2000–01	
	\$'000	\$'000	\$'000	
Loan repayments				
Head 251—Housing				
Hong Kong Housing Society				
211	Completed schemes	109,306	5,268	5,130
212	Urban improvement schemes	182,767	21,327	22,393
213	Rural public housing			
	(i) Tui Min Hoi	9,280	758	758
	(ii) Sha Tau Kok	21,179	2,762	2,762
214	Sandwich class housing	536,907	7,279,356	1,461,533
215	Sandwich class housing loan scheme	—	927,000	—
216	Home starter loan scheme	—	—	—
Local government officers				
221	Loans 3½ to 5% p.a.	171,461	1,113	791
223	Loans to members of co-operative building societies and underlessees of government-built housing schemes	—	43	615
Hong Kong Settlers Housing Corporation Ltd.				
241	Hong Kong Settlers Housing Corporation Ltd.	2,329	199	209
Housing assistance for civil servants				
251	Housing loans #	—	1,183,461	1,281,240
Housing loans to Hong Kong Institute of Education staff				
261	Housing loans.....	1,397	2,778	69
	<i>Head 251: total</i>	<u>1,034,626</u>	<u>9,424,065</u>	<u>2,775,500</u>
Head 252—Loans to Schools/Teachers				
201	Loans to schools	201,169	3,628	3,075
203	Loans to schools in the Direct Subsidy Scheme	48,659	12,213	18,196
204	Loans to non-profit-making international schools	—	3,915	11,139
205	Slope improvement loan scheme for private schools #	—	—	6,400
211	Loans to teachers in training	74,218	1,937	699
	<i>Head 252: total</i>	<u>324,046</u>	<u>21,693</u>	<u>39,509</u>

Actual receipts to 31.3.99 are not shown as the item is a revolving loan.

LOAN FUND
(Receipts)

Sub-head (Code)	Actual receipts to 31.3.99	Revised estimate 1999–2000	Estimate 2000–01	
	\$'000	\$'000	\$'000	
Loan repayments				
Head 254—Loans to Students				
201	Students of the universities, the Hong Kong Institute of Vocational Education, Prince Philip Dental Hospital, Hong Kong Institute of Education and Hong Kong Academy for Performing Arts.....	1,966,847	596,931	744,339
202	Non-means-tested loan scheme for students of government-funded tertiary institutions, Open University of Hong Kong and Hong Kong Shue Yan College	—	21,503	37,920
211	Students of approved post-secondary colleges	86,898	6,610	8,542
231	Hong Kong students in the United Kingdom	161,145	6,627	3,500
	<i>Head 254: total</i>	<u>2,214,890</u>	<u>631,671</u>	<u>794,301</u>
Head 255—Interest-free loans to employees injured at work and dependants of employees who die as a result of work-related accidents				
201	Loans to employees injured at work and dependants of deceased employees #	—	550	798
	<i>Head 255: total</i>	<u>—</u>	<u>550</u>	<u>798</u>
Head 256—Interest-free loan for starting up Occupational Deafness Compensation Scheme				
201	Loan to Occupational Deafness Compensation Board	26,000	13,000	13,000
	<i>Head 256: total</i>	<u>26,000</u>	<u>13,000</u>	<u>13,000</u>
Head 262—Primary Products				
201	Fisheries loans #	—	1,802	4,297
211	Kadoorie Agricultural Aid Loan Fund—livestock waste control scheme	—	5,437	4,374
212	Kadoorie Agricultural Aid Loan Fund—loans to poultry farmers	3,605	9,884	1,886
213	Kadoorie Agricultural Aid Loan Fund—loans to mariculturists .	393	13,172	112,736
221	Loans to poultry wholesalers and retailers.....	13,706	63,155	4,487
231	Fish Marketing Organisation Loan Fund—loans to fishermen....	—	9,300	37,345
	<i>Head 262: total</i>	<u>17,704</u>	<u>102,750</u>	<u>165,125</u>

Actual receipts to 31.3.99 are not shown as the item is a revolving loan.

LOAN FUND
(Receipts)

Sub-head (Code)	Actual receipts to 31.3.99	Revised estimate 1999–2000	Estimate 2000–01	
	\$'000	\$'000	\$'000	
Loan repayments				
Head 264—Development of Industrial Estates—Hong Kong Industrial Estates Corporation				
231	Tseung Kwan O Industrial Estate Loan	42,237	42,238	42,238
	<i>Head 264: total</i>	42,237	42,238	42,238
Head 265—Land Development				
201	Land Development Corporation	7,476	1,246	1,246
	<i>Head 265: total</i>	7,476	1,246	1,246
Head 266—Industry				
201	Hong Kong Productivity Council—special-purpose building	111,505	13,025	13,025
221	Hong Kong Quality Assurance Agency	14,959	4,575	466
	<i>Head 266: total</i>	126,464	17,600	13,491
Head 267—Estate Agents Authority				
201	Loan to Estate Agents Authority	—	4,000	4,000
	<i>Head 267: total</i>	—	4,000	4,000
Head 268—Fire Safety				
201	Fire Safety Improvement Loan Scheme #	—	—	13,345
	<i>Head 268: total</i>	—	—	13,345
Head 269—Building Safety				
201	Building Safety Improvement Loan Scheme #	—	302	3,600
	<i>Head 269: total</i>	—	302	3,600
Head 273—Provisional Regional Council				
211	Regional Services Department headquarters building	10,500	1,500	—
	<i>Head 273: total</i>	10,500	1,500	—
Head 274—Tourism				
201	International Events Fund #	—	—	—
	<i>Head 274: total</i>	—	—	—

Actual receipts to 31.3.99 are not shown as the item is a revolving loan.

LOAN FUND
(Receipts)

Sub-head (Code)	Actual receipts to 31.3.99	Revised estimate 1999–2000	Estimate 2000–01
	\$'000	\$'000	\$'000
Loan repayments			
Head 275—Small and Medium Enterprises			
201 Special finance scheme for small and medium enterprises #.....	—	200,000	30,000
<i>Head 275: total</i>	—	200,000	30,000
Head 276—Water Supply			
201 Loan to the Guangdong Provincial People's Government for water quality improvement project	—	—	—
<i>Head 276: total</i>	—	—	—
<i>Loan repayments: total</i>	3,803,943	10,460,615	3,896,153
Interest on loans	—	895,924	710,842
Surcharges on overdue loan repayments	—	2,475	2,475
Interest on deposits and bank balances	—	226,133	366,000
Transfer from General Revenue	—	—	2,000,000
Total (Receipts)	<u>3,803,943</u>	<u>11,585,147</u>	<u>6,975,470</u>

Actual receipts to 31.3.99 are not shown as the item is a revolving loan.

LOAN FUND

Movement of the Account

	Actual				Revised Estimate	Estimate
	1995-96	1996-97	1997-98	1998-99	1999-2000	2000-01
	\$m	\$m	\$m	\$m	\$m	\$m
OPENING BALANCE	4,104	2,035	1,510	3,207	3,884	7,349
Expenditure	4,875	5,944	2,948	7,856	8,120	9,471
Revenue	1,306	1,919	2,475	2,533	11,585	4,975
Surplus/(Deficit) before Transfer from GRA	(3,569)	(4,025)	(473)	(5,323)	3,465	(4,496)
Transfer from GRA	1,500	3,500	2,170	6,000	—	2,000
Surplus/(Deficit) after Transfer from GRA	(2,069)	(525)	1,697	677	3,465	(2,496)
CLOSING BALANCE	2,035	1,510	3,207	3,884	7,349	4,853

Expenditure Analysis

	Actual				Revised Estimate	Estimate
	1995-96	1996-97	1997-98	1998-99	1999-2000	2000-01
	\$m	\$m	\$m	\$m	\$m	\$m
Loans						
Housing	3,858	5,073	1,943	5,757	5,833	5,269
Loan to schools/teachers	47	—	—	115	140	137
Loan to students	852	862	962	1,172	1,237	1,334
Labour	116	—	1	1	1	1
Primary products	2	9	20	232	64	6
Estate Agents Authority	—	—	22	18	—	—
Fire Safety	—	—	—	—	4	61
Building Safety	—	—	—	1	5	12
Tourism	—	—	—	100	5	83
Small and Medium Enterprises	—	—	—	164	240	307
Water Supply	—	—	—	296	591	591
Additional Commitments	—	—	—	—	—	1,670
Total Expenditure	4,875	5,944	2,948	7,856	8,120	9,471

LOAN FUND

Revenue Analysis

	Actual				Revised Estimate	Estimate
	1995-96	1996-97	1997-98	1998-99	1999-2000	2000-01
	\$m	\$m	\$m	\$m	\$m	\$m
Loan repayments	815	1,417	1,790	1,800	10,461	3,896
Interest on loans	294	374	541	585	896	711
Surcharges on overdue loan repayments	1	1	1	2	2	2
Interest on deposits and bank balances	196	127	143	146	226	366
Total Revenue	1,306	1,919	2,475	2,533	11,585	4,975