

## Head 7 — PROPERTIES AND INVESTMENTS

### Details of Revenue

Sub-head (Code)	Actual revenue 2002–03	Original estimate 2003–04	Revised estimate 2003–04	Estimate 2004–05
	\$'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.....	1,740,639	1,589,214	1,523,829	<b>1,442,192</b>
020 Rents from government quarters.....	669,836	664,263	652,782	<b>650,456</b>
030 Rents from government properties .....	835,844	922,362	855,700	<b>887,800</b>
040 Investment income and interest .....	2,766,261	4,725,000	5,886,087	<b>2,978,480</b>
060 Returns on equity investments in statutory agencies/corporations.....	470,023	858,000	620,000	<b>1,259,283</b>
080 Recovery from Housing Authority under current financial arrangement.....	2,212,217	380,818	327,126	<b>109,775</b>
090 Government rents charged at 3% of rateable values in accordance with the Government Rent (Assessment and Collection) Ordinance (Cap. 515) .....	4,298,079	4,093,000	4,055,000	<b>3,720,000</b>
Total .....	<u>12,992,899</u>	<u>13,232,657</u>	<u>13,920,524</u>	<u><b>11,047,986</b></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 4.8% of general revenue in 2003–04.

### Underlying Changes in Revenue Yield

The **2003–04** revised estimate of \$13,920,524,000 is a net increase of \$687,867,000 (5.2%) over the original estimate.

Under *Subhead 040 Investment income and interest* the increase of \$1,161,087,000 (24.6%) is due to the higher than expected yield from the investment of the balance of the General Revenue Account with the Exchange Fund.

Under *Subhead 060 Returns on equity investments in statutory agencies/corporations*, the decrease of \$238,000,000 (27.7%) is due to the lesser than expected total cash dividends from statutory corporations.

Under *Subhead 080 Recovery from Housing Authority under current financial arrangement*, the decrease of \$53,692,000 (14.1%) is due to the immediate cessation of the sales of Home Ownership Scheme flats as announced in the Housing Policy Statement in November 2002 and the extension of cessation until end 2006 following the Statement on Implementation and Consolidation of Housing Policy announced in October 2003. The receipt in 2003–04 is the residual construction payment in relation to HOS flats sold in previous years.

The **2004–05** estimate of \$11,047,986,000 is a net decrease of \$2,872,538,000 (20.6%) against the revised estimate for 2003–04.

Under *Subhead 040 Investment income and interest* the decrease of \$2,907,607,000 (49.4%) reflects the reduction in anticipated investment return of the balance of the General Revenue Account from the Exchange Fund in 2004–05.

Under *Subhead 060 Returns on equity investments in statutory agencies/corporations* the increase of \$639,283,000 (103.1%) is the expected total of cash dividends from statutory agencies/corporations.

Under *Subhead 080 Recovery from Housing Authority under current financial arrangement*, the decrease of \$217,351,000 (66.4%) is due to the immediate cessation of the sales of Home Ownership Scheme flats as announced in the Housing Policy Statement in November 2002 and the extension of cessation until end 2006 following the Statement

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