

Head 9 — LOANS, REIMBURSEMENTS, CONTRIBUTIONS AND OTHER RECEIPTS

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 Repayments of loans and advances	407,556	361,472	843,118	197,295
020 Pension contributions	25,618	24,797	23,396	21,855
030 Recovery of salaries and staff on-costs	3,090,626	3,067,865	2,666,582	2,292,324
040 Light and fuel in government buildings	18,536	16,364	16,537	14,493
050 Recovery of overpayments and losses.....	443,126	321,203	441,394	434,881
080 Transfers from Funds	3,300,000	133,700,000	134,000,000	52,500,000†
090 Other receipts	823,670	6,495,794	1,695,697	295,176
110 Payments made by Trading Funds—				
(001) Payments in lieu of profits tax	141,746	83,086	61,266	31,099
(002) Payments for “insurance” premium	2,163	2,920	2,920	2,833
(003) Reimbursements by trading funds arising from policy on “insurance”	249	239	216	216
Total	<u>8,253,290</u>	<u>144,073,740</u>	<u>139,751,126</u>	<u>55,790,172</u>

† The transfer of \$40,000,000,000 from the Land Fund to the General Revenue Account is subject to the passage of a resolution to that effect by the Legislative Council.

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 Pensions 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 generated 47.9% of general revenue in 2003–04.

Underlying Changes in Revenue Yield

The 2003–04 revised estimate of \$139,751,126,000 is a net decrease of \$4,322,614,000 (3.0%) against the original estimate.

Under *Subhead 010 Repayments of loans and advances* the increase of \$481,646,000 (133.2%) is mainly due to the proceeds from the sale of the loans under the Sandwich Class Housing Purchase Loan Scheme to the Hong Kong Mortgage Corporation.

Under *Subhead 030 Recovery of salaries and staff on-costs* the decrease of \$401,283,000 (13.1%) is mainly due to the civil service pay reduction and reduction in on-cost rates in 2004.

Under *Subhead 050 Recovery of overpayments and losses* the increase of \$120,191,000 (37.4%) is mainly due to the higher than expected recoveries of overpaid Comprehensive Social Security Assistance and Social Security Allowance, unspent balance of grants to University Grants Committee-funded institutions and overpayment for minor and maintenance projects.

Under *Subhead 090 Other receipts* the decrease of \$4,800,097,000 (73.9%) is mainly due to an update of the Asset Disposal Programme.

Under *Subhead 110 Payments made by Trading Funds* the decrease of \$21,843,000 (25.3%) is mainly due to the lower than expected payments in lieu of profits tax from Trading Funds arising from lower assessable profits for 2002–03. (As trading funds remain part of Government, they are not legally liable to profits tax but instead make a payment of an equivalent amount in lieu of this to the general revenue.)

The 2004–05 estimate of \$55,790,172,000 is a net decrease of \$83,960,954,000 (60.1%) against the revised estimate of 2003–04.

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Under *Subhead 010 Repayments of loans and advances* the decrease of \$645,823,000 (76.6%) is mainly due to the completion of the sale of the loans under the Sandwich Class Housing Purchase Loan Scheme to the Hong Kong Mortgage Corporation in 2003–04.

Under *Subhead 030 Recovery of salaries and staff on-costs* the decrease of \$374,258,000 (14.0%) is mainly due to the civil service pay reductions and reduction in on-cost rates in 2004 and 2005.

Under *Subhead 040 Light and fuel in government buildings* the decrease of \$2,044,000 (12.4%) is mainly due to an expected reduction in electricity charges collected from the tenants of government premises.

Under *Subhead 080 Transfers from Funds* the decrease of \$81,500,000,000 (60.8%) is mainly because the proposed amount of transfer from the Land Fund to the General Revenue in 2004–05 is less than the amount of transfer in 2003–04.

Under *Subhead 090 Other receipts* the decrease of \$1,400,521,000 (82.6%) is mainly because the further proceeds from items already identified under the Asset Disposal Programme will not be credited to this revenue head, and due to the lower receipts expected from the Housing Authority, following completion of its Voluntary Departure Scheme in 2003–04, in discharging its liability for the enhanced monthly pension paid to officers who retired under the Scheme, and the lower receipts expected from bona vacantia by the Companies Registry.

Under *Subhead 110 Payments made by Trading Funds* the decrease of \$30,254,000 (47.0%) is mainly due to the expected decrease in payments in lieu of profits tax made by Trading Funds over 2003–04. (As trading funds remain part of Government, they are not legally liable to profits tax but instead make a payment of an equivalent amount in lieu of this to the general revenue.)