

Head 6 — ROYALTIES AND CONCESSIONS

Details of Revenue

Sub-head (Code)	Actual revenue 2005–06	Original estimate 2006–07	Revised estimate 2006–07	Estimate 2007–08
	\$'000	\$'000	\$'000	\$'000
020 Quarries and mining	25,193	23,300	21,400	32,700
030 Bridges and tunnels.....	15,934	15,799	17,239	66,009
070 Petrol filling.....	6,367	5,817	5,826	5,706
080 Taxi concessions.....	—	10,000	—	—
090 Television broadcasting	—	—	1,237	—
100 Parking.....	319,550	318,688	311,280	308,592
170 Vehicle examination.....	58,577	63,130	55,330	55,330
201 Slaughterhouse concessions.....	16,500	16,500	16,500	16,500
202 Other royalties and concessions.....	173,938	174,529	173,008	296,494
Total	<u>616,059</u>	<u>627,763</u>	<u>601,820</u>	<u>781,331</u>

Description of Revenue Sources

To this revenue head are credited the royalties payable by franchised companies, revenue arising from government car parks, bridges and tunnels, petrol filling stations, taxi concessions and various other royalties and concessions.

To *Subhead 020 Quarries and mining* are credited royalties from quarry contracts and mining leases.

To *Subhead 030 Bridges and tunnels* are credited royalties from the Tate's Cairn Tunnel and concessions payable by contractors assuming management responsibilities for the Aberdeen Tunnel, Airport Tunnel, Lion Rock Tunnel, Shing Mun Tunnels, Tseung Kwan O Tunnel, the Lantau Link, the Cross-Harbour Tunnel and the Discovery Bay Tunnel, less any revenue required to service securitisation bonds.

To *Subhead 070 Petrol filling* are credited royalties from petrol filling stations of oil companies in Hong Kong.

To *Subhead 080 Taxi concessions* are credited premia generated from the issue of urban, New Territories and Lantau taxi licences.

To *Subhead 090 Television broadcasting* are credited royalties payable by Television Broadcasts Limited, Asia Television Limited and Hong Kong Cable Television Limited.

To *Subhead 100 Parking* are credited concessions payable by contractors who manage and operate government car parks, abandoned vehicle surrender centres, the Austin Road Cross Border Coach Terminus and on-street parking meters.

To *Subhead 170 Vehicle examination* are credited concessions payable by the contractor who manages and operates the New Kowloon Bay Vehicle Examination Centre.

To *Subhead 201 Slaughterhouse concessions* are credited concessions payable by the contractor who manages and operates the Sheung Shui Slaughterhouse.

To *Subhead 202 Other royalties and concessions* are credited miscellaneous royalties and concessions.

Revenue from royalties and concessions generated 0.3% of total revenue in 2006–07.

Underlying Changes in Revenue Yield

The 2006–07 revised estimate of \$601,820,000 is a net decrease of \$25,943,000 (4.1%) against the original estimate.

Under *Subhead 080 Taxi concessions*, taxi licences are issued as and when necessary without a pre-set quota. A nil receipt is included taking into account the fact that no revenue has been collected so far.

Under *Subhead 090 Television broadcasting*, the revised estimate of \$1,237,000 is the final adjustment of the royalty payments as the royalty scheme for television broadcasting licences was abolished with effect from 7 July 2000.

Under *Subhead 170 Vehicle examination*, the decrease of \$7,800,000 (12.4%) is mainly due to the full year effect of the higher management fee payable under the new vehicle examination contract effective from December 2005.

The 2007–08 estimate of \$781,331,000 is a net increase of \$179,511,000 (29.8%) over the revised estimate for 2006–07.

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Under *Subhead 020 Quarries and mining*, the increase of \$11,300,000 (52.8%) is mainly due to the higher revenue receivable under a new quarry contract taking effect from 1 April 2007 and the settlement of the balance payment from the old quarry contract in 2007–08.

Under *Subhead 030 Bridges and tunnels*, the increase of \$48,770,000 (282.9%) is mainly due to the anticipated revenue from Route 8 between Cheung Sha Wan and Sha Tin scheduled to be commissioned in late 2007.

Under *Subhead 090 Television broadcasting*, a nil receipt is included taking into account the abolition of royalty payments from television broadcasting licensees with effect from 7 July 2000.

Under *Subhead 202 Other royalties and concessions*, the increase of \$123,486,000 (71.4%) is mainly due to the increased spectrum utilisation fees (SUF) on the 3G licences and increased number of licensees on the 2G licences due for SUF payment in 2007–08.