

Head 6 — ROYALTIES AND CONCESSIONS

Details of Revenue

Sub-head (Code)	Actual revenue 2006–07	Original estimate 2007–08	Revised estimate 2007–08	Estimate 2008–09
	\$'000	\$'000	\$'000	\$'000
020 Quarries and mining	29,841	32,700	44,700	44,600
030 Bridges and tunnels	17,337	66,009	17,368	95,345
070 Petrol filling.....	5,844	5,706	3,219	1,408
090 Television broadcasting.....	—	—	—	1,237
100 Parking.....	315,251	308,592	319,448	318,270
170 Vehicle examination.....	51,933	55,330	56,453	56,453
201 Slaughterhouse concessions.....	16,500	16,500	16,500	16,500
202 Other royalties and concessions.....	173,258	296,494	404,010	337,101
Total	<u>609,964</u>	<u>781,331</u>	<u>861,698</u>	<u>870,914</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 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 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.

Royalties and concessions generated 0.3% of total revenue in 2007–08.

Underlying Changes in Revenue Yield

The **2007–08** revised estimate of \$861,698,000 is a net increase of \$80,367,000 (10.3%) over the original estimate.

Under *Subhead 020 Quarries and mining*, the increase of \$12,000,000 (36.7%) is mainly due to the higher revenue receivable under the quarry contract of Anderson Road Quarry with effect from 1 August 2007.

Under *Subhead 030 Bridges and tunnels*, the decrease of \$48,641,000 (73.7%) is mainly due to the lower toll revenue arising from the deferment of the commissioning of the toll section of Tsing Sha Control Area between Cheung Sha Wan and Sha Tin to March 2008.

Under *Subhead 070 Petrol filling*, the decrease of \$2,487,000 (43.6%) is mainly due to the replacement of the royalty payment of a petrol filling site by rental payment with effect from 1 August 2007.

Under *Subhead 202 Other royalties and concessions*, the increase of \$107,516,000 (36.3%) is mainly due to the one-off receipts of the spectrum utilisation fee (SUF) of a CDMA2000 licence and the non-refundable premium in respect of the North District Temporary Wholesale Market for Agricultural Products in 2007–08.

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The **2008–09** estimate of \$870,914,000 is a net increase of \$9,216,000 (1.1%) over the revised estimate for 2007–08.

Under *Subhead 030 Bridges and tunnels*, the increase of \$77,977,000 (449.0%) is mainly due to the anticipated toll revenue from the toll section of Tsing Sha Control Area between Cheung Sha Wan and Sha Tin in 2008–09.

Under *Subhead 070 Petrol filling*, the decrease of \$1,811,000 (56.3%) is mainly due to the full year effect of replacement of the royalty payment of a petrol filling site by rental payment on 1 August 2007, and the fact that a petrol filling station is not required to pay royalty with effect from 1 June 2007.

Under *Subhead 090 Television broadcasting*, the 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 202 Other royalties and concessions*, the decrease of \$66,909,000 (16.6%) is mainly due to the absence of the one-off receipts of the CDMA2000 SUF and the non-refundable premium in respect of the North District Temporary Wholesale Market for Agricultural Products in 2007–08, to be partly offset by the effect of certain increase in the annual SUF of 3G licences in 2008–09.