

Head 6 — ROYALTIES AND CONCESSIONS

Details of Revenue

Sub-head (Code)	Actual revenue 2007–08	Original estimate 2008–09	Revised estimate 2008–09	Estimate 2009–10
	\$'000	\$'000	\$'000	\$'000
020 Quarries and mining	45,264	44,600	45,463	50,078
030 Bridges and tunnels	17,537	95,345	64,925	259,125
070 Petrol filling	3,133	1,408	1,565	1,664
090 Television broadcasting	—	1,237	—	—
100 Parking	323,494	318,270	296,922	245,356
170 Vehicle examination	53,420	56,453	54,288	54,288
201 Slaughterhouse concessions	16,500	16,500	16,500	16,500
202 Other royalties and concessions	403,922	337,101	1,873,910	377,330
Total	<u>863,270</u>	<u>870,914</u>	<u>2,353,573</u>	<u>1,004,341</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 Discovery Bay Tunnel; revenue from Route 8K linking Cheung Sha Wan and Sha Tin; and concessions payable by contractors assuming management responsibilities for the Aberdeen Tunnel, Kai Tak Tunnel, Lion Rock Tunnel, Shing Mun Tunnels, Tseung Kwan O Tunnel, the Lantau Link and the Cross-Harbour 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, 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 0.9% of total revenue in 2008–09.

Underlying Changes in Revenue Yield

The **2008–09** revised estimate of \$2,353,573,000 is a net increase of \$1,482,659,000 (170.2%) over the original estimate.

Under *Subhead 030 Bridges and tunnels*, the decrease of \$30,420,000 (31.9%) is mainly due to the lower than expected toll revenue from the Route 8K linking Cheung Sha Wan and Sha Tin.

Under *Subhead 070 Petrol filling*, the increase of \$157,000 (11.2%) is mainly due to the higher than expected royalties from petrol filling stations of oil companies.

Under *Subhead 090 Television broadcasting*, the royalty scheme for television broadcasting has been replaced by the licence fee scheme since 7 July 2000, and there should be no more royalty revenue under this subhead. The original estimate for 2008–09 represented some previous royalty revenue potentially receivable. It did not materialise as a result of a court judgement.

Under *Subhead 202 Other royalties and concessions*, the increase of \$1,536,809,000 (455.9%) is mainly due to the receipt of an one-off spectrum utilisation fee (SUF) in 2008–09 payable for the use of Broadband Wireless Access (BWA) spectrum.

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The **2009–10** estimate of \$1,004,341,000 is a net decrease of \$1,349,232,000 (57.3%) against the revised estimate for 2008–09.

Under *Subhead 020 Quarries and mining*, the increase of \$4,615,000 (10.2%) is mainly due to the higher revenue receivable under the quarrying contract of Anderson Road Quarry in 2009–10.

Under *Subhead 030 Bridges and tunnels*, the increase of \$194,200,000 (299.1%) is mainly due to the anticipated fulfilment by Government of all its committed obligations under the securitisation transaction in the financial year 2009–10. Thereafter, toll revenue from the Cross-Harbour Tunnel, Shing Mun Tunnels, Tseung Kwan O Tunnel, Aberdeen Tunnel, Lion Rock Tunnel and the Lantau Link will be retained by Government.

Under *Subhead 100 Parking*, the decrease of \$51,566,000 (17.4%) is mainly due to the anticipated decrease in revenue from parking meters and government car parks taking into account the economic situation.

Under *Subhead 202 Other royalties and concessions*, the decrease of \$1,496,580,000 (79.9%) is mainly due to the reduction in SUF as the scale of the planned spectrum auction exercise in 2009–10 is not comparable to that conducted in 2008–09.