

## Head 6 — ROYALTIES AND CONCESSIONS

### Details of Revenue

Sub-head (Code)	Actual revenue 2008–09	Original estimate 2009–10	Revised estimate 2009–10	Estimate 2010–11
	\$'000	\$'000	\$'000	\$'000
020 Quarries and mining .....	45,503	50,078	45,000	46,000
030 Bridges and tunnels.....	70,794	259,125	612,384	1,263,806
070 Petrol filling.....	1,549	1,664	1,587	1,631
100 Parking.....	332,976	245,356	338,254	344,498
170 Vehicle examination .....	49,088	54,288	38,791	38,805
201 Slaughterhouse concessions.....	16,500	16,500	25,125	28,000
202 Other royalties and concessions.....	1,872,678	377,330	423,340	443,560
Total .....	<u>2,389,088</u>	<u>1,004,341</u>	<u>1,484,481</u>	<u>2,166,300</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 the 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 Tsing Ma Control Area 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 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 0.6% of total revenue in 2009–10.

### Underlying Changes in Revenue Yield

The 2009–10 revised estimate of \$1,484,481,000 is a net increase of \$480,140,000 (47.8%) over the original estimate.

Under *Subhead 020 Quarries and mining*, the decrease of \$5,078,000 (10.1%) is mainly due to the lower than expected receipt of royalty arising from the delay of the rock importation programme at the quarry site.

Under *Subhead 030 Bridges and tunnels*, the increase of \$353,259,000 (136.3%) is due to the cessation of revenue transfer by the Government to Hong Kong Link 2004 Limited for servicing securitisation bonds. The Government's financial obligations under the securitisation deal has been fully discharged after the transfer of toll revenue earned in October 2009 and the revenue transfer to Hong Kong Link 2004 Limited has been ceased thereafter.

Under *Subhead 100 Parking*, the increase of \$92,898,000 (37.9%) is mainly due to the higher than expected receipts from parking meters and government car parks.

Under *Subhead 170 Vehicle examination*, the decrease of \$15,497,000 (28.5%) is mainly due to the lower than expected concessions payable by the contractor of the New Kowloon Bay Vehicle Examination Centre after netting off an increased level of contractor management fee and the projected decrease in the number of vehicle examinations.

Under *Subhead 201 Slaughterhouse concessions*, the increase of \$8,625,000 (52.3%) is due to the increase in the minimum slaughterhouse concession in the new contract with effect from 1 August 2009.

Under *Subhead 202 Other royalties and concessions*, the increase of \$46,010,000 (12.2%) is mainly due to the receipt of an upfront spectrum utilisation fee (SUF) in 2009–10 payable for the use of 1800MHz frequency bands.

## Head 6 — ROYALTIES AND CONCESSIONS

---

The **2010–11** estimate of \$2,166,300,000 is a net increase of \$681,819,000 (45.9%) over the revised estimate for 2009–10.

Under *Subhead 030 Bridges and tunnels*, the increase of \$651,422,000 (106.4%) is due to the full-year effect of the cessation of revenue transfer by the Government to Hong Kong Link 2004 Limited as explained above.

Under *Subhead 201 Slaughterhouse concessions*, the increase of \$2,875,000 (11.4%) is due to the full-year effect of the increase in the minimum slaughterhouse concession in the new contract with effect from 1 August 2009.