

Head 6 — ROYALTIES AND CONCESSIONS

Details of Revenue

Sub-head (Code)	Actual revenue 2011–12	Original estimate 2012–13	Revised estimate 2012–13	Estimate 2013–14
	\$'000	\$'000	\$'000	\$'000
020 Quarries and mining.....	57,168	54,700	61,643	53,012
030 Bridges and tunnels.....	1,395,857	1,369,465	1,370,600	1,416,433
070 Petrol filling.....	1,787	1,920	1,880	1,887
100 Parking.....	381,178	393,324	400,907	411,108
170 Vehicle examination.....	41,689	39,658	38,539	32,359
201 Slaughterhouse concessions.....	29,651	28,179	31,417	31,417
202 Other royalties and concessions.....	2,941,919	1,209,164	791,647	1,586,256
Total.....	<u>4,849,249</u>	<u>3,096,410</u>	<u>2,696,633</u>	<u>3,532,472</u>

Description of Revenue Sources

This revenue head covers royalties payable by franchised companies, revenue arising from government car parks, bridges and tunnels, petrol filling stations and various other royalties and concessions.

Subhead 020 Quarries and mining covers royalties from quarry contracts and mining leases.

Subhead 030 Bridges and tunnels covers 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.

Subhead 070 Petrol filling covers royalties from petrol filling stations of oil companies in Hong Kong.

Subhead 100 Parking covers concessions payable by contractors who manage and operate government car parks, the Austin Road Cross Border Coach Terminus and on-street parking meters.

Subhead 170 Vehicle examination covers concessions payable by the contractor who manages and operates the New Kowloon Bay Vehicle Examination Centre.

Subhead 201 Slaughterhouse concessions covers concessions payable by the contractor who manages and operates the Sheung Shui Slaughterhouse.

Subhead 202 Other royalties and concessions covers miscellaneous royalties and concessions.

Royalties and concessions generated 0.8% of total revenue in 2012–13.

Underlying Changes in Revenue Yield

The **2012–13** revised estimate of \$2,696,633,000 reflects a net decrease of \$399,777,000 (12.9%) against the original estimate.

Under *Subhead 020 Quarries and mining*, the increase of \$6,943,000 (12.7%) is mainly due to the higher than expected receipt of royalties from Anderson Road Quarry in 2012–13.

Under *Subhead 201 Slaughterhouse concessions*, the increase of \$3,238,000 (11.5%) is due to the higher than expected receipt of fees payable in excess of the minimum slaughterhouse concession.

Under *Subhead 202 Other royalties and concessions*, the decrease of \$417,517,000 (34.5%) is mainly due to the earlier than anticipated receipt of a one-off spectrum utilisation fee from the auction of the 2.3GHz band in 2011–12 instead of 2012–13.

The **2013–14** estimate of \$3,532,472,000 reflects a net increase of \$835,839,000 (31.0%) over the revised estimate for 2012–13.

Under *Subhead 020 Quarries and mining*, the decrease of \$8,631,000 (14.0%) is mainly due to the expected lesser amount of royalties to be received from Anderson Road Quarry and Lam Tei Quarry in 2013–14.

Under *Subhead 170 Vehicle examination*, the decrease of \$6,180,000 (16.0%) reflects a net reduction in the concessions to be received after taking into account the service fees payable to the contractor for the new Management, Operation and Maintenance contract since 1 December 2012.

Under *Subhead 202 Other royalties and concessions*, the increase of \$794,609,000 (100.4%) is mainly due to the anticipated greater amount of spectrum utilisation fees to be received in 2013–14.