

Head 6 — ROYALTIES AND CONCESSIONS

Details of Revenue

Sub-head (Code)	Actual revenue 2014–15	Original estimate 2015–16	Revised estimate 2015–16	Estimate 2016–17
	\$'000	\$'000	\$'000	\$'000
020 Quarries and mining.....	40,349	26,925	40,770	99,510
030 Bridges and tunnels.....	1,520,281	1,458,118	1,545,545	2,131,639
070 Petrol filling.....	2,055	2,123	2,188	2,226
080 Taxi Concessions.....	—	—	162,500	—
100 Parking.....	424,623	441,735	423,823	437,676
170 Vehicle examination.....	30,829	11,185	11,705	25,835
201 Slaughterhouse concessions.....	29,060	28,359	28,124	28,124
202 Other royalties and concessions.....	868,561	917,655	917,335	7,945,674
Total.....	<u>2,915,758</u>	<u>2,886,100</u>	<u>3,131,990</u>	<u>10,670,684</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, the Cross-Harbour Tunnel and, with effect from August 2016, the Eastern Harbour Crossing.

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

Subhead 080 Taxi concessions covers the premia generated from the issue of Urban, New Territories and Lantau taxi licences.

Subhead 100 Parking covers concessions payable by contractors who manage and operate government car parks, the Austin Road Cross Boundary 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.

Revenue from royalties and concessions generated 0.8% of total revenue in 2015–16.

Underlying Changes in Revenue Yield

The 2015–16 revised estimate of \$3,131,990,000 reflects a net increase of \$245,890,000 (8.5%) over the original estimate.

Under *Subhead 020 Quarries and mining*, the increase of \$13,845,000 (51.4%) is mainly due to the additional revenue arising from the increase of rocks imported to quarries and variation orders for a change of rehabilitation works for Lam Tei Quarry.

Under *Subhead 080 Taxi concessions*, the increase of \$162,500,000 is mainly due to the estimated revenue arising from the issue of new Lantau taxi licences in 2015–16.

The 2016–17 estimate of \$10,670,684,000 reflects a net increase of \$7,538,694,000 (240.7%) over the revised estimate for 2015–16.

Under *Subhead 020 Quarries and mining*, the increase of \$58,740,000 (144.1%) is mainly due to the increase in rental revenue under the new Lam Tei Quarry contract.

Under *Subhead 030 Bridges and tunnels*, the increase of \$586,094,000 (37.9%) is mainly due to the anticipated toll revenue from the Eastern Harbour Crossing after the expiry of the Build-Operate-Transfer arrangement in August 2016 and the anticipated increase in traffic flow and toll revenue from Route 8K.

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Under *Subhead 080 Taxi concessions*, a decrease of \$162,500,000 is expected because no issue of new taxi licence is expected in 2016–17.

Under *Subhead 170 Vehicle examination*, the increase of \$14,130,000 (120.7%) is mainly due to the cessation of the waiver of vehicle examination fees for commercial vehicles on 12 July 2016.

Under *Subhead 202 Other royalties and concessions*, the increase of \$7,028,339,000 (766.2%) is mainly due to the spectrum utilisation fee anticipated to be received in 2016–17 for the re-assignment of radio spectrum in 1.9–2.2 GHz band with effect from 22 October 2016.