

Head 6 — ROYALTIES AND CONCESSIONS

Details of Revenue

Sub-head (Code)	Actual revenue 2015–16	Original estimate 2016–17	Revised estimate 2016–17	Estimate 2017–18
	\$'000	\$'000	\$'000	\$'000
020 Quarries and mining.....	33,330	99,510	113,156	101,762
030 Bridges and tunnels.....	1,545,999	2,131,639	1,943,987	2,299,888
070 Petrol filling.....	2,052	2,226	1,840	2,094
080 Taxi concessions.....	—	—	141,076	—
100 Parking.....	419,168	437,676	430,488	418,046
170 Vehicle examination.....	9,111	25,835	32,276	49,871
201 Slaughterhouse concessions.....	28,696	28,124	28,009	28,009
202 Other royalties and concessions.....	916,591	7,945,674	7,946,602	295,516
Total.....	<u>2,954,947</u>	<u>10,670,684</u>	<u>10,637,434</u>	<u>3,195,186</u>

Description of Revenue Sources

This revenue head covers royalties payable by franchised companies, revenue 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 8 between 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 the Eastern Harbour Crossing.

Subhead 070 Petrol filling covers royalties from three 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 2.4% of total revenue in 2016–17.

Underlying Changes in Revenue Yield

The 2016–17 revised estimate of \$10,637,434,000 reflects a net decrease of \$33,250,000 (0.3%) against the original estimate.

Under *Subhead 020 Quarries and mining*, the increase of \$13,646,000 (13.7%) is mainly due to the revenue received from two new supplementary agreements for the extension of the existing Anderson Road Quarry contract.

Under *Subhead 070 Petrol filling*, the decrease of \$386,000 (17.3%) is mainly due to the temporary closure of a petrol filling station for upgrading works.

Under *Subhead 080 Taxi concessions*, the increase of \$141,076,000 is due to the premia received from the issue of new Lantau taxi licences in 2016–17.

Under *Subhead 170 Vehicle examination*, the increase of \$6,441,000 (24.9%) is mainly due to the higher-than-expected number of vehicles examined in the non-waiver period and the decrease in the amount for offsetting the management fee for the New Kowloon Bay Vehicle Examination Centre with effect from 1 December 2016.

Head 6 — ROYALTIES AND CONCESSIONS

The 2017–18 estimate of \$3,195,186,000 reflects a net decrease of \$7,442,248,000 (70.0%) against the revised estimate for 2016–17.

Under *Subhead 020 Quarries and mining*, the decrease of \$11,394,000 (10.1%) is mainly due to the completion of Anderson Road Quarry contract in 2017–18.

Under *Subhead 030 Bridges and tunnels*, the increase of \$355,901,000 (18.3%) is mainly due to the anticipated increase in traffic flow leading to the increase in toll revenue from the Eastern Harbour Crossing, Lantau Link, Route 8 between Cheung Sha Wan and Sha Tin and the Cross-Harbour Tunnel.

Under *Subhead 070 Petrol filling*, the increase of \$254,000 (13.8%) is mainly due to the anticipated increase in the royalties received from the petrol filling stations concerned as no closure of stations is planned.

Under *Subhead 080 Taxi concessions*, a decrease of \$141,076,000 (100.0%) is anticipated as no new taxi licence is expected to be issued in 2017–18.

Under *Subhead 170 Vehicle examination*, the increase of \$17,595,000 (54.5%) is mainly due to the full year effect of the cessation of the waiver of vehicle examination fees for commercial vehicles on 12 July 2016 and the full year effect of the decrease in the amount for offsetting the management fee for the New Kowloon Bay Vehicle Examination Centre with effect from 1 December 2016.

Under *Subhead 202 Other royalties and concessions*, the decrease of \$7,651,086,000 (96.3%) is mainly due to the anticipated drop in spectrum utilisation fees to be received in 2017–18 as no auction of radio spectrum will be held.