

Head 6 — ROYALTIES AND CONCESSIONS

Details of Revenue

Sub-head (Code)	Actual revenue 2017–18	Original estimate 2018–19	Revised estimate 2018–19	Estimate 2019–20
	\$'000	\$'000	\$'000	\$'000
020 Quarries and mining.....	129,433	95,813	98,146	94,133
030 Bridges and tunnels.....	2,301,464	2,775,043	2,466,554	2,512,884
070 Petrol filling.....	2,126	2,104	2,353	2,376
100 Parking.....	434,075	425,890	453,202	468,498
170 Vehicle examination.....	50,044	53,391	51,431	51,431
201 Slaughterhouse concessions.....	29,001	28,300	28,447	28,447
202 Other royalties and concessions.....	295,814	296,492	303,715	345,475
Total.....	<u>3,241,957</u>	<u>3,677,033</u>	<u>3,403,848</u>	<u>3,503,244</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 on or before 10 July 2018 and Discovery Bay Tunnel; revenue from 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, the Eastern Harbour Crossing, and with effect from 11 July 2018, the Tate's Cairn Tunnel.

Subhead 070 Petrol filling covers royalties from three 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 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 0.7% of total revenue in 2018–19.

Underlying Changes in Revenue Yield

The 2018–19 revised estimate of \$3,403,848,000 reflects a net decrease of \$273,185,000 (7.4%) over the original estimate.

Under *Subhead 030 Bridges and tunnels*, the decrease of \$308,489,000 (11.1%) is mainly due to the netting-off of the management fee from toll revenue for the Tate's Cairn Tunnel, the lower-than-expected traffic flow leading to a decrease in toll revenue from the Tate's Cairn Tunnel, Lantau Link and Eastern Harbour Crossing, and the waiving of tolls charged on franchised buses for using government tunnels and roads as proposed in the 2018 Policy Address.

Under *Subhead 070 Petrol filling*, the increase of \$249,000 (11.8%) is mainly due to the increase in sales of petroleum products.

The 2019–20 estimate of \$3,503,244,000 reflects a net increase of \$99,396,000 (2.9%) over the revised estimate for 2018–19.

Under *Subhead 202 Other royalties and concessions*, the increase of \$41,760,000 (13.7%) is mainly due to the collection of fees for the operation of the Hung Hom Public Funeral Parlour which is expected to commence in March 2019.