

## Head 6 — ROYALTIES AND CONCESSIONS

### Details of Revenue

Sub-head (Code)	Actual revenue 2018–19	Original estimate 2019–20	Revised estimate 2019–20	Estimate 2020–21
	\$'000	\$'000	\$'000	\$'000
020 Quarries and mining.....	98,166	94,133	96,717	96,717
030 Bridges and tunnels.....	2,568,328	2,512,884	2,346,574	2,379,274
070 Petrol filling.....	2,327	2,376	2,217	2,228
100 Parking.....	449,257	468,498	441,332	447,450
170 Vehicle examination.....	49,525	51,431	38,431	12,736
201 Slaughterhouse concessions.....	28,996	28,447	7,000	33,000
202 Other royalties and concessions.....	304,056	345,475	475,065	595,971
Total.....	<u>3,500,655</u>	<u>3,503,244</u>	<u>3,407,336</u>	<u>3,567,376</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 Discovery Bay Tunnel; revenue from Route 8 between Cheung Sha Wan and Sha Tin, Scenic Hill Tunnel, Airport Tunnel, Lung Shan Tunnel, Cheung Shan Tunnel and Central-Wan Chai Bypass Tunnel; 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 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 0.8% of total revenue in 2019–20.

### Underlying Changes in Revenue Yield

The 2019–20 revised estimate of \$3,407,336,000 reflects a net decrease of \$95,908,000 (2.7%) against the original estimate.

Under *Subhead 170 Vehicle examination*, the decrease of \$13 million (25.3%) is mainly due to the 12-month waiver of vehicle examination fees for registered commercial vehicles announced by the Financial Secretary on 15 August 2019, which covers the period from 30 December 2019 to 31 March 2020.

Under *Subhead 201 Slaughterhouse concessions*, the decrease of \$21,447,000 (75.4%) is mainly due to the waiver of basic fees payable by the operator of Sheung Shui Slaughterhouse from 1 August 2019 to 31 March 2020.

Under *Subhead 202 Other royalties and concessions*, the increase of \$129,590,000 (37.5%) is mainly due to the receipt of instalment payments of spectrum utilisation fees from assignment of spectrum in the 3.3 GHz, 3.5GHz and 4.9GHz bands.

The 2020–21 estimate of \$3,567,376,000 reflects a net increase of \$160,040,000 (4.7%) over the revised estimate for 2019–20.

Under *Subhead 170 Vehicle examination*, the decrease of \$25,695,000 (66.9%) is mainly due to the 12-month waiver of vehicle examination fees for registered commercial vehicles, which covers the period from 1 April to 29 December 2020 in 2020–21.

Under *Subhead 201 Slaughterhouse concessions*, the increase of \$26 million (371.4%) is because waiver of basic fees payable by the operator of Sheung Shui Slaughterhouse is not anticipated after July 2020.

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Under *Subhead 202 Other royalties and concessions*, the increase of \$120,906,000 (25.5%) is mainly due to the anticipated receipt of instalment payments of spectrum utilisation fees from re-assignment of spectrum in the 900 MHz band.