

Head 7 — PROPERTIES AND INVESTMENTS

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
010 Government land licences, government rents (other than those charged at 3% of rateable values in accordance with the Government Rent (Assessment and Collection) Ordinance (Cap. 515)) and rents from short term tenancies.....	2,282,592	1,977,345	2,027,834	2,043,571
020 Rents from government quarters.....	851,287	841,591	869,756	870,794
030 Rents from government properties.....	1,616,104	1,557,507	1,679,774	1,607,807
040 Investment income and interest.....	210,528	25,416,000	191,877	16,537,458
060 Returns on equity investments in statutory agencies/corporations	9,379,788	4,744,971	4,686,612	14,412,295
080 Recovery from Housing Authority under current financial arrangement.....	213,804	134,109	135,485	100,802
090 Government rents charged at 3% of rateable values in accordance with the Government Rent (Assessment and Collection) Ordinance (Cap. 515)	9,288,941	9,749,000	10,055,000	10,342,000
Total.....	<u>23,843,044</u>	<u>44,420,523</u>	<u>19,646,338</u>	<u>45,914,727</u>

Description of Revenue Sources

This revenue head covers the yields from government land licences; government rents including those charged at 3% of rateable values in accordance with the Government Rent (Assessment and Collection) Ordinance (Cap. 515); and rents from short term tenancies, government quarters and properties. Investment income earned on the balances of the General Revenue Account and other interest receipts arising from the General Revenue Account, returns from equity investments in statutory agencies and corporations other than those credited to the Capital Investment Fund, and recovery from the Housing Authority of the land costs of Home Ownership Scheme and Tenants Purchase Scheme flats are also included in this head.

Revenue from properties and investments generated 5.0% of total revenue in 2015–16.

Underlying Changes in Revenue Yield

The **2015–16** revised estimate of \$19,646,338,000 reflects a net decrease of \$24,774,185,000 (55.8%) against the original estimate.

Under *Subhead 040 Investment income and interest*, the decrease of \$25,224,123,000 (99.2%) is mainly because the investment income on the fiscal reserves for 2015–16 has been set aside and retained within the Exchange Fund for the Housing Reserve. The investment income on the balance of the General Revenue Account placed with the Exchange Fund for 2015–16 is \$26,149,985,000.

The **2016–17** estimate of \$45,914,727,000 reflects a net increase of \$26,268,389,000 (133.7%) over the revised estimate for 2015–16.

Under *Subhead 040 Investment income and interest*, the increase of \$16,345,581,000 (8 518.8%) is mainly due to the receipt of 2016–17 investment income on the balance of the General Revenue Account placed with the Exchange Fund.

Under *Subhead 060 Returns on equity investments in statutory agencies/corporations*, the increase of \$9,725,683,000 (207.5%) is mainly due to the anticipated receipt of special dividend from MTR Corporation Limited (MTRCL) in 2016–17, the payment of which has been approved by its independent shareholders and will be paid subject to the Finance Committee of the Legislative Council approving an increase in the project estimate for the Hong Kong section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link.

Under *Subhead 080 Recovery from the Housing Authority under current financial arrangement*, the decrease of \$34,683,000 (25.6%) is mainly due to the expected decrease in payment by the Housing Authority of the land costs for flats sold under Home Ownership Scheme.