
FACT SHEET

The Government's Quarterly General Revenue Account, Capital Works Reserve Fund Account and Capital Investment Fund Account (for the period of 1 April 2009 to 31 March 2010)

1. Introduction

1.1 This fact sheet provides updated information on the Government's Quarterly General Revenue Account, Capital Works Reserve Fund Account and Capital Investment Fund Account for the period of 1 April 2009 to 31 March 2010.

2. General Revenue Account

2.1 The total General Revenue of Hong Kong in the 2009-2010 financial year was HK\$258.7 billion, down HK\$14.6 billion when compared to the 2008-2009 financial year. The change was attributable to a decrease in revenue in the subhead of "profit tax" under the head of "internal revenue" as well as in the subhead of "investment income and interest" under the head of "properties and investments".

2.2 Details of the General Revenue Account for the period of 1 April 2009 to 31 March 2010 are shown in **Table 1**.

Table 1 – General Revenue Account: revenue for the period of 1 April 2009 to 31 March 2010

	Estimates 2010-2011 (in HK\$'000)	1 April 2008 – 31 March 2009= (a) (in HK\$'000)	1 April 2009 – 31 March 2010 = (b) (in HK\$'000)	Change in revenue (b) – (a) (in HK\$'000)
Duties	6,172,405	6,046,654	6,464,877	418,223
General rates	9,375,000	7,174,835	9,957,161	2,782,326 ⁽¹⁾
Internal revenue ⁽²⁾	167,904,243	192,949,724	180,135,801	-12,813,923
Motor vehicle taxes	4,552,883	4,980,925	4,816,338	-164,587
Fines, forfeitures and penalties	1,013,195	1,006,391	1,182,815	176,424
Royalties and concessions	2,166,300	2,389,088	1,596,610	-792,478
Properties and investments	28,854,158	36,306,289	31,357,535	-4,948,754
Loans, reimbursements, contributions and other receipts ⁽³⁾	4,436,881	8,592,659	9,223,576	630,917
Utilities ⁽⁴⁾	3,480,471	3,320,350	3,437,835	117,485
Fees and charges	10,463,066	10,470,305	10,486,724	16,419
Total	238,418,602	273,237,220	258,659,272	-14,577,948

Notes: (1) The Government waived the general rates in 2009-2010, subject to a ceiling of HK\$1,500 per quarter for each rateable tenement. The ceiling of the general rates concession in 2008-2009 was HK\$5,000 per quarter for each rateable tenement.

(2) This revenue head is credited direct taxes on earnings and profits which include profits tax, property tax and salaries tax. A range of indirect taxes is also included.

(3) This revenue head is credited repayments of loans and advances, pension contributions, reimbursements, transfers from Government Funds and payments made by Trading Funds.

(4) This revenue head is credited all income generated by government-operated public utilities except government toll-tunnels and bridges.

Sources: The Treasury (2010) and The Government of the Hong Kong Special Administrative Region (2010b).

3. Capital Works Reserve Fund Account

3.1 In the 2009-2010 financial year, revenue of the Capital Works Reserve Fund Account¹ from land premium was HK\$39.6 billion, up HK\$22.7 billion when compared to the 2008-2009 financial year. The change was attributable to an increase in land premium from sales by public auction and tender, and modification of existing leases, exchanges and extensions.

3.2 Details of revenue of the Capital Works Reserve Fund Account for the period of 1 April 2009 to 31 March 2010 are shown in **Table 2**.

¹ The Capital Works Reserve Fund mainly finances the public works programme. Most of its income is derived from land premia and appropriation from the General Revenue Account.

Table 2 – Capital Works Reserve Fund Account: revenue for the period of 1 April 2009 to 31 March 2010

	Estimates 2010-2011 (in HK\$'000)	1 April 2008 – 31 March 2009 = (a) (in HK\$'000)	1 April 2009 – 31 March 2010 = (b) (in HK\$'000)	Change in revenue (b) – (a) (in HK\$'000)
Land premium				
Sales by public auction and tender	–	813,660	14,465,941	13,652,281
Private treaty grants	–	6,645,555	1,323,072	-5,322,483
Modification of existing leases, exchanges and extensions	–	9,026,913	23,445,497	14,418,584
Fees received in respect of short term waivers	–	449,730	397,570	-52,160
<i>Sub-total</i>	<i>34,100,000⁽¹⁾</i>	<i>16,935,858</i>	<i>39,632,080</i>	<i>22,696,222⁽²⁾</i>
Investment income	1,596,000	6,083,361	2,216,750	-3,866,611 ⁽²⁾

Notes: (1) According to the Government, no breakdown in the land premium estimate for 2010-2011 is provided because of the market-driven nature of the land sales under the Application List, Private Treaty Grants and Modifications. The total land premium for 2010-2011 is estimated having regard to the overall performance of the property market under the past and current market conditions. The Government has assumed that land revenue will be around 2% of the forecast Gross Domestic Product.

(2) According to the Government, the amounts of land premium and investment income received may fluctuate depending on economic conditions.

Sources: The Treasury (2010) and The Government of the Hong Kong Special Administrative Region (2010c).

3.3 Under the Capital Works Reserve Fund Account, expenditure on the Public Works Programme increased from HK\$20.3 billion in the 2008-2009 financial year to HK\$27.9 billion in the 2009-2010 financial year. In particular, expenditure of the following heads increased by more than HK\$1 billion when compared to the 2008-2009 financial year:

- (a) Buildings – the increase was mainly driven by an increase in the block allocation for refurbishment of government buildings for items in Category D of the Public Works Programme which cost \$21 million or less for each item;
- (b) Drainage – the increase was mainly driven by an increase in the expenditure on the Harbour Area Treatment Scheme and some drainage improvement projects;
- (c) Highways – the increase was mainly driven by an increase in the expenditure on railway projects such as the Hong Kong section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link, and the Shatin to Central Link; and
- (d) Waterworks – the increase was mainly driven by an increase in the expenditure on projects related to replacement and rehabilitation of water mains.

3.4 Details of expenditure of the Public Works Programme under the Capital Works Reserve Fund Account for the period of 1 April 2009 to 31 March 2010 are shown in **Table 3**.

Table 3 – Capital Works Reserve Fund Account: expenditure of the Public Works Programme for the period of 1 April 2009 to 31 March 2010

	Estimates 2010-2011 (in HK\$'000)	1 April 2008 – 31 March 2009 = (a) (in HK\$'000)	1 April 2009 – 31 March 2010 = (b) (in HK\$'000)	Change in expenditure (b) – (a) (in HK\$'000)
Port and airport development	3,758	2,556	68,534	65,978
Buildings	11,895,091	7,314,892	9,297,893	1,983,001
Drainage	6,348,837	2,651,799	4,764,307	2,112,508
Civil engineering	2,884,927	1,782,393	2,018,659	236,266
Highways	14,281,064	3,979,190	4,995,220	1,016,030
New towns and urban area development	3,134,688	1,823,176	2,699,422	876,246
Waterworks	3,646,343	2,152,895	3,213,621	1,060,726
Housing	671,584	547,924	822,135	274,211
Total	42,866,292	20,254,825	27,879,791	7,624,966

Sources: The Treasury (2010) and The Government of the Hong Kong Special Administrative Region (2010c).

4. Capital Investment Fund Account

4.1 Revenue of the Capital Investment Fund Account² decreased from HK\$1.9 billion in the 2008-2009 financial year to HK\$1.2 billion in the 2009-2010 financial year.

4.2 Details of revenue of the Capital Investment Fund Account for the period of 1 April 2009 to 31 March 2010 are shown in **Table 4**.

Table 4 – Capital Investment Fund Account: revenue for the period of 1 April 2009 to 31 March 2010

	Estimates 2010-2011 (in HK\$'000)	1 April 2008 – 31 March 2009 = (a) (in HK\$'000)	1 April 2009 – 31 March 2010 = (b) (in HK\$'000)	Change in revenue (b) – (a) (in HK\$'000)
Dividends, interests and other receipts from investments/loans	1,059,382	1,177,096	1,160,794	-16,302
Loan repayments	60,389	642,232	16,815	-625,417
Investment income ⁽¹⁾	101,000	85,674	54,536	-31,138
Proceeds from sale of equity holdings	–	12,222	–	-12,222
Total	1,220,771	1,917,224	1,232,145	-685,079⁽²⁾

Notes: (1) Investment income includes payment from the Exchange Fund for investment of the fiscal reserves, interest on deposits and bank balances.

(2) According to the Government, revenue of the Capital Investment Fund Account may fluctuate depending on economic conditions.

Sources: The Treasury (2010) and The Government of the Hong Kong Special Administrative Region (2010c).

² The Capital Investment Fund finances the Government's capital investments, such as equity injections in the Airport Authority, the Kowloon-Canton Railway Corporation and the MTR Corporation Limited, and capital investments in the Hong Kong Housing Authority and the Urban Renewal Authority. Its income is derived mainly from appropriation from the General Revenue Account and dividends.

References

1. *Speech by the Financial Secretary: The 2010-11 Budget*. (2010) Hong Kong, Government Logistics Department.
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3. The Government of the Hong Kong Special Administrative Region. (2010b) *Estimates for the Year Ending 31 March 2011: Volume IB – General Revenue Account*. Hong Kong, Government Logistics Department.
4. The Government of the Hong Kong Special Administrative Region. (2010c) *Estimates for the Year Ending 31 March 2011: Volume II – Fund Accounts*. Hong Kong, Government Logistics Department.
5. The Treasury. (2010) *Accounts Published in the Gazette: Accounts for the year ended 31 March 2010*. Available from: http://www.try.gov.hk/internet/eharch_acc_gaze_310310.html#p [Accessed July 2010].

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