

# **APPENDIX C**

## **GLOSSARY OF TERMS**

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Note: Terms shown in *bold italic* are defined elsewhere in the glossary.

**Capital expenditure.** This comprises all expenditure charged to the Capital Account of the General Revenue Account, the Capital Works Reserve Fund (including interest on government bonds and notes but excluding repayment of the bonds and notes), Disaster Relief Fund, Innovation and Technology Fund, Loan Fund and Lotteries Fund. Unlike *capital spending*, it excludes advances and equity investments from the Capital Investment Fund and repayment of government bonds and notes charged to the Capital Works Reserve Fund. Major items are highlighted below –

*General Revenue Account*

equipment, works and capital subventions of a minor nature

*Capital Works Reserve Fund*

acquisition of land  
 capital subventions  
 computerisation  
 interest and other expenses on government bonds and notes  
 major systems and equipment  
 Public Works Programme expenditure

*Disaster Relief Fund*

relief to disasters that occur outside Hong Kong

*Innovation and Technology Fund*

projects promoting innovation and technology upgrading in manufacturing and service industries

*Loan Fund*

loans made under various development schemes supported by the Government  
 loans to schools, teachers, students, and housing loans to civil servants, etc.

*Lotteries Fund*

grants, loans and advances for social welfare services

**Capital financing surplus/deficit.** The difference between *capital revenue* and *capital spending*.

**Capital revenue.** This comprises certain revenue items in the General Revenue Account and all receipts credited to the Funds (except Land Fund), as highlighted below –

*General Revenue Account*

disposal proceeds of government quarters and other assets  
 estate duty  
 loan repayments received  
 recovery from Housing Authority

*Capital Investment Fund*

dividends from investments  
 interest on loans  
 investment income  
 loan repayments received  
 proceeds from sale of investments

*Capital Works Reserve Fund*

investment income  
land premia  
recovery from MTR Corporation Limited

*Civil Service Pension Reserve Fund*

investment income

*Disaster Relief Fund*

investment income

*Innovation and Technology Fund*

investment income  
loan repayments received  
proceeds from sale of investments

*Loan Fund*

interest on loans  
investment income  
loan repayments received  
proceeds from sale of loans

*Lotteries Fund*

auctions of vehicle registration numbers  
investment income  
loan repayments received  
share of proceeds from the Mark Six Lottery

**Capital spending.** The aggregate of *capital expenditure*, advances and equity investments from the Capital Investment Fund, and repayment of government bonds and notes charged to the Capital Works Reserve Fund.

**Consolidated surplus/deficit.** The difference between *government revenue* and *government spending*.

**Fiscal reserves.** The accumulated balances of the General Revenue Account and the Funds, including the net proceeds from issuance of bonds and notes and after deducting their repayments charged to Government's accounts.

**Government expenditure.** The aggregate of *operating expenditure* and *capital expenditure*. Unlike *government spending*, it excludes advances and equity investments from the Capital Investment Fund, and repayment of government bonds and notes charged to Government's accounts. Also, unlike *public expenditure*, it excludes expenditure by the Trading Funds and the Housing Authority.

**Government revenue.** The aggregate of *operating revenue* and *capital revenue*.

**Government spending.** The aggregate of *government expenditure*, advances and equity investments from the Capital Investment Fund, and repayment of government bonds and notes charged to the Capital Works Reserve Fund.

**Operating expenditure.** All expenditure charged to the Operating Account of the General Revenue Account.

**Operating revenue.** This comprises all revenue credited to the General Revenue Account (except those items which are treated as *capital revenue*) and the Land Fund, as highlighted below –

*General Revenue Account*

- duties
- fines, forfeitures and penalties
- investment income
- rents and rates
- royalties and concessions
- taxes
- utilities, fees and charges

*Land Fund*

- investment income

**Operating surplus/deficit.** The difference between *operating revenue* and *operating expenditure*.

**Public expenditure.** *Government expenditure* plus expenditure (operating and capital) by the Trading Funds and the Housing Authority.

**Transfer to Funds.** It is not counted as expenditure or spending under the General Revenue Account. In fact, all transfers between the General Revenue Account and the Funds are merely internal transfers within Government's accounts and do not form part of the revenue, expenditure or spending.