

# **APPENDIX C**

## **GLOSSARY OF TERMS**



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

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**Capital expenditure.** This comprises all expenditure charged to the Capital Account of the General Revenue Account, Capital Investment Fund, 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. Major items are highlighted below –

*General Revenue Account*

equipment, works and capital subventions of a minor nature

*Capital Investment Fund*

advances and equity investments

*Capital Works Reserve Fund*

acquisition of land  
 capital subventions  
 computerisation  
 interest and other expenses on government bonds and notes issued in 2004  
 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 surplus/deficit.** The difference between *capital revenue* and *capital expenditure*.

**Capital revenue.** This comprises certain revenue items in the General Revenue Account and all receipts credited to seven Funds, 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 premium  
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

**Consolidated surplus/deficit before repayment of bonds and notes.** The difference between *government revenue* and *government expenditure*.

**Fiscal reserves.** The accumulated balances of the General Revenue Account, Capital Investment Fund, Capital Works Reserve Fund, Civil Service Pension Reserve Fund, Disaster Relief Fund, Innovation and Technology Fund, Land Fund, Loan Fund and Lotteries Fund.

**Future Fund.** It is the part of the fiscal reserves which is set aside for longer-term investment with a view to securing higher investment returns for the fiscal reserves. It is a notional savings account established on 1 January 2016. It comprises the balance of the Land Fund as its initial endowment and periodic top-ups from consolidated surpluses to be transferred from *Operating and Capital Reserves* which is the part of the fiscal reserves outside the Future Fund.

**Government expenditure.** The aggregate of *operating expenditure* and *capital expenditure*. Unlike *public expenditure*, it excludes expenditure by the Trading Funds and the Housing Authority.

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

**Operating and Capital Reserves.** With the establishment of the *Future Fund*, the part of the fiscal reserves outside the *Future Fund* is collectively known as the Operating and Capital Reserves.

**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

*With the establishment of the Future Fund as from 1 January 2016, the investment income of the Land Fund will be reinvested and will not be paid to Government until the end of the ten-year placement (i.e. 31 December 2025) or a date as directed by the Financial Secretary.*

**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.** Transfers between the General Revenue Account and the eight Funds (Capital Investment Fund, Capital Works Reserve Fund, Civil Service Pension Reserve Fund, Disaster Relief Fund, Innovation and Technology Fund, Land Fund, Loan Fund and Lotteries Fund) are not counted as government revenue and expenditure as these are merely internal transfers within Government's accounts.