

# **APPENDIX B**

## **ANALYSIS OF EXPENDITURE AND REVENUE**

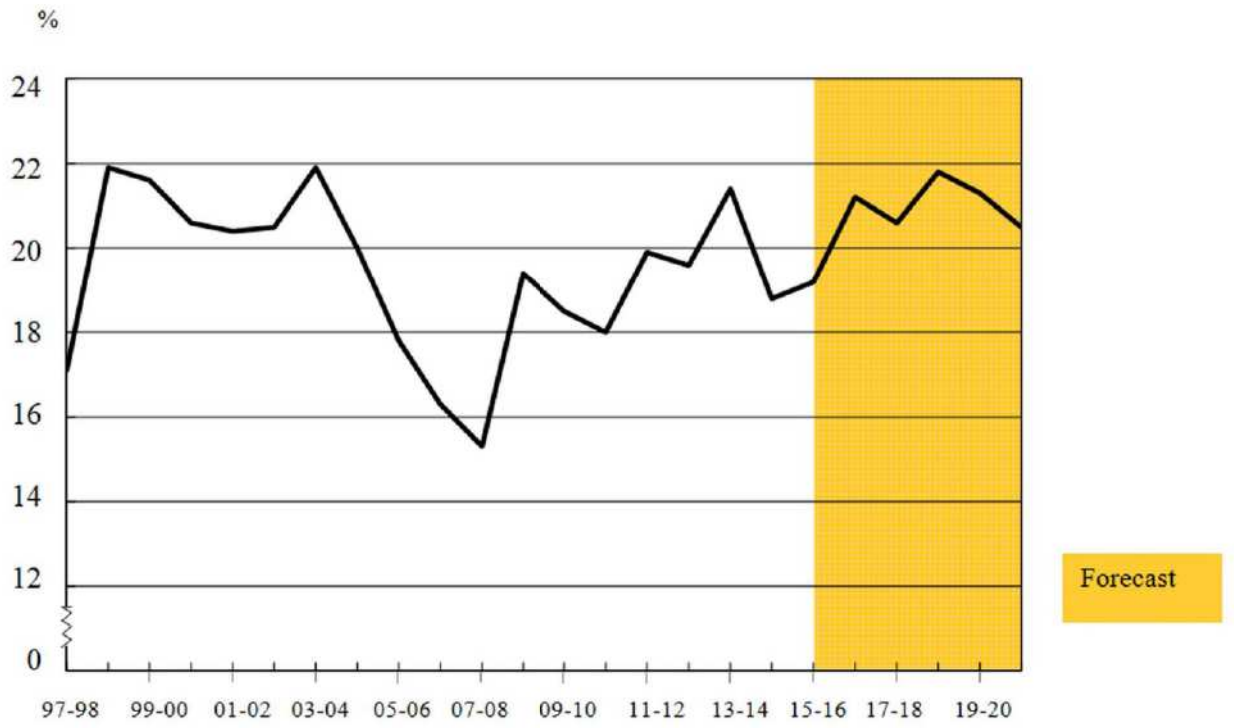


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**SECTION I THE ESTIMATES IN THE CONTEXT OF THE ECONOMY****Relationship between Government Expenditure, Public Expenditure and GDP**

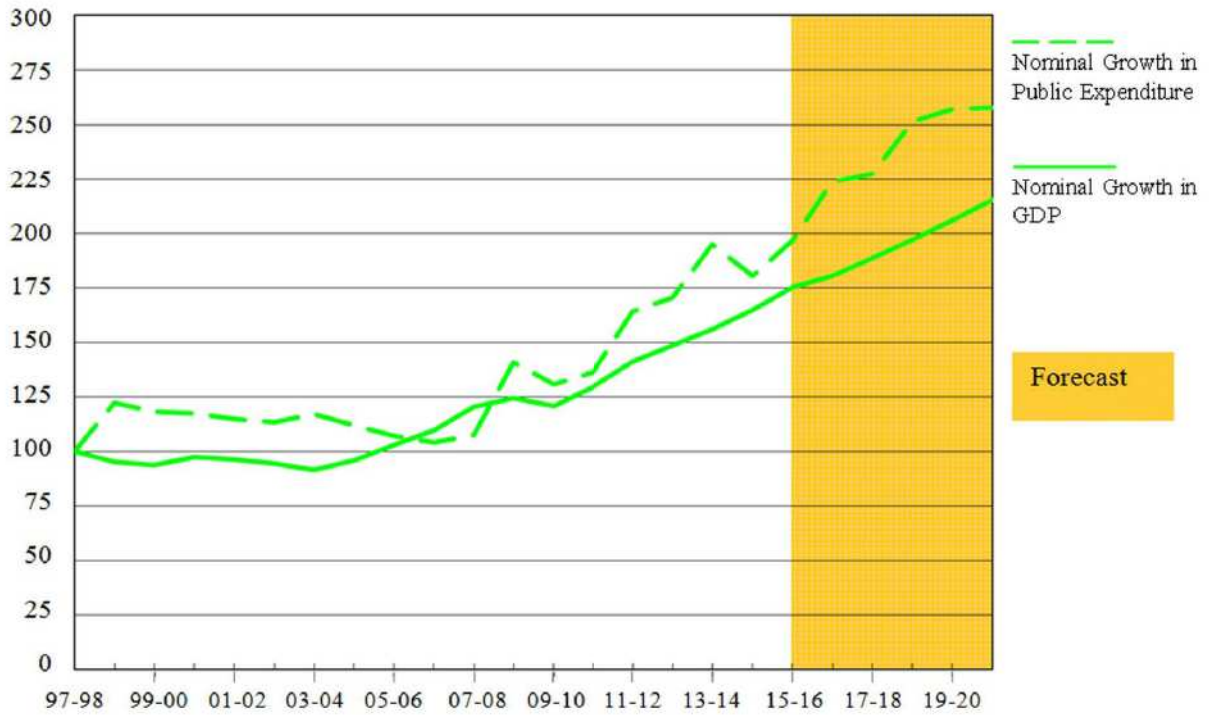
	<b>2016-17 Estimate Sm</b>
General Revenue Account	
Operating	376,800
Capital	4,533
	<hr/> 381,333
Capital Investment Fund	11,156
Capital Works Reserve Fund	84,546
Innovation and Technology Fund	1,258
Loan Fund	6,690
Lotteries Fund	1,888
	<hr/> 486,871
Government Expenditure	486,871
Trading Funds	4,574
Housing Authority	33,936
	<hr/> 525,381
Public Expenditure	525,381
	<hr/>
GDP	2,475,100
Public Expenditure in terms of percentage of GDP	21.2%

Public Expenditure in terms of Percentage of GDP



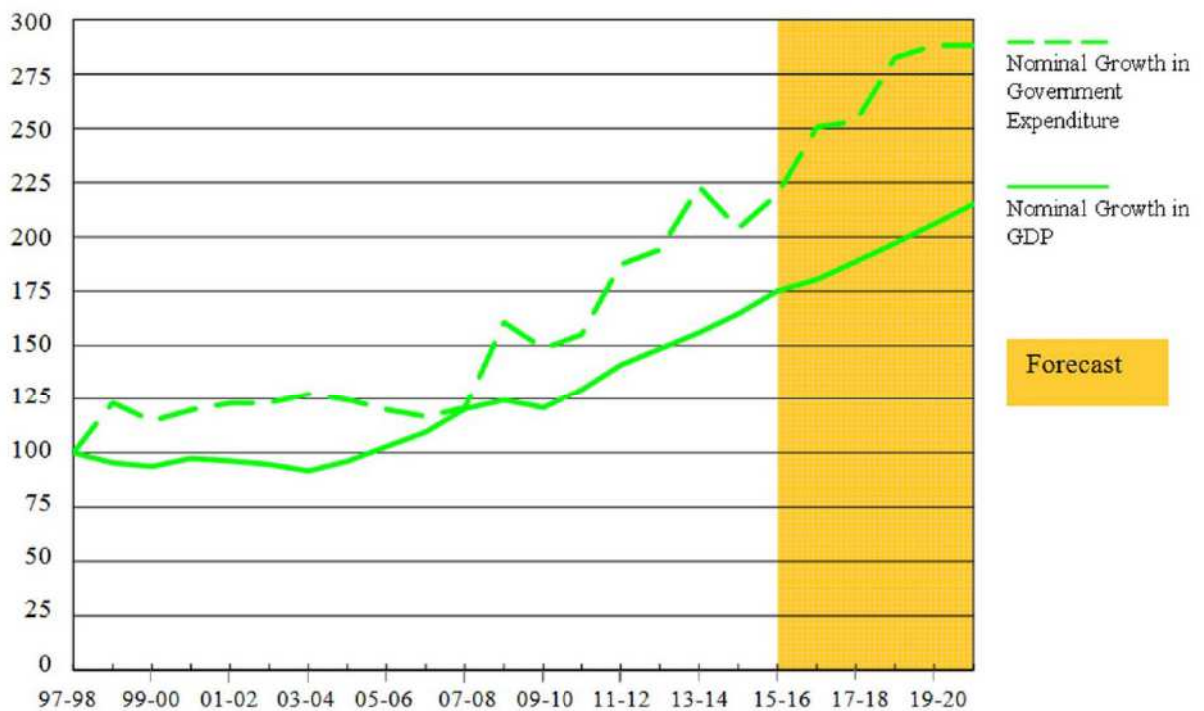
Comparison of Cumulative Growth in Public Expenditure  
with Cumulative Growth in GDP  
since 1997-98

Index  
(97-98 = 100)



Comparison of Cumulative Growth in Government Expenditure  
with Cumulative Growth in GDP  
since 1997-98

Index  
(97-98 = 100)



**SECTION II RECURRENT PUBLIC/GOVERNMENT EXPENDITURE  
BY POLICY AREA GROUP**

**Recurrent Public Expenditure : Year-on-Year Change**

	2014-15 Actual \$m	2015-16 Revised Estimate \$m	2016-17 Estimate \$m	Increase/Decrease over 2015-16 Revised Estimate	
				in Nominal Terms %	in Real Terms %
<b>Education</b>	67,803	72,453	<b>74,695</b>	<b>3.1</b>	<b>2.7</b>
<b>Social Welfare</b>	54,285	58,350	<b>66,166</b>	<b>13.4</b>	<b>7.4</b>
<b>Health</b>	54,091	56,420	<b>57,288</b>	<b>1.5</b>	<b>1.2</b>
<b>Security</b>	35,527	37,172	<b>38,717</b>	<b>4.2</b>	<b>3.8</b>
<b>Infrastructure</b>	18,941	20,160	<b>20,992</b>	<b>4.1</b>	<b>2.5</b>
<b>Economic</b>	14,668	14,783	<b>15,419</b>	<b>4.3</b>	<b>3.2</b>
<b>Environment and Food</b>	12,839	13,688	<b>14,745</b>	<b>7.7</b>	<b>6.8</b>
<b>Housing</b>	12,219	13,370	<b>14,125</b>	<b>5.6</b>	<b>4.2</b>
<b>Community and External Affairs</b>	10,575	11,410	<b>12,080</b>	<b>5.9</b>	<b>4.9</b>
<b>Support</b>	40,989	45,420	<b>51,461</b>	<b>13.3</b>	<b>11.5</b>
	<u>321,937</u>	<u>343,226</u>	<u><b>365,688</b></u>	<b>6.5</b>	<b>4.8</b>

**Nominal GDP growth in 2016**

**2.5% to 3.5%**

**SECTION II RECURRENT PUBLIC/GOVERNMENT EXPENDITURE  
BY POLICY AREA GROUP**

**Recurrent Government Expenditure : Year-on-Year Change**

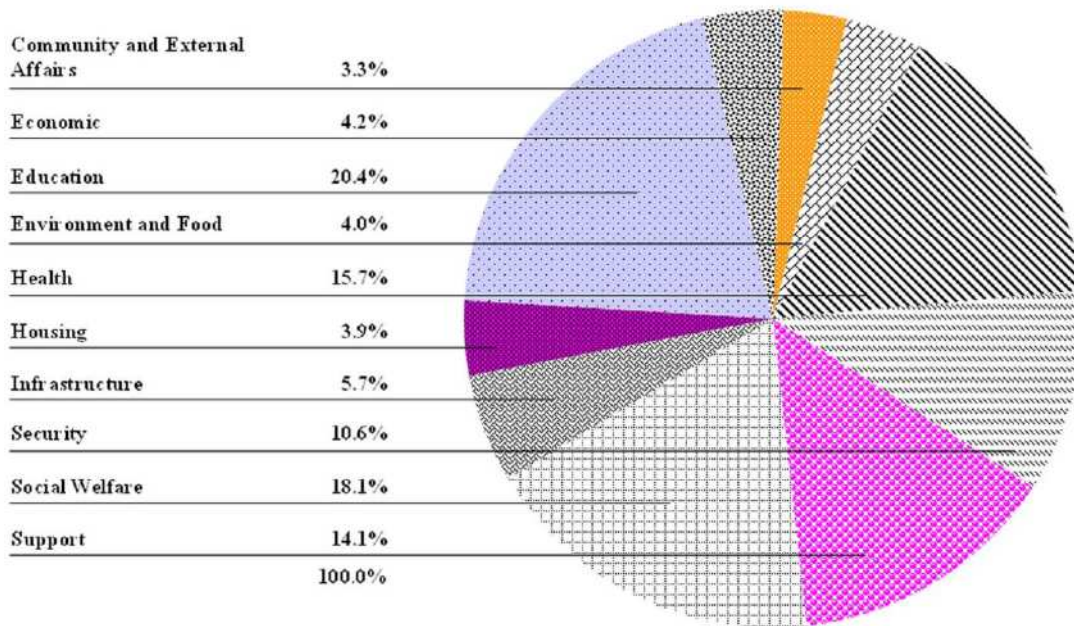
	2014-15 Actual \$m	2015-16 Revised Estimate \$m	2016-17 Estimate \$m	Increase/Decrease over 2015-16 Revised Estimate	
				in Nominal Terms %	in Real Terms %
<b>Education</b>	67,803	72,453	<b>74,695</b>	<b>3.1</b>	<b>2.7</b>
<b>Social Welfare</b>	54,285	58,350	<b>66,166</b>	<b>13.4</b>	<b>7.4</b>
<b>Health</b>	54,091	56,420	<b>57,288</b>	<b>1.5</b>	<b>1.2</b>
<b>Security</b>	35,527	37,172	<b>38,717</b>	<b>4.2</b>	<b>3.8</b>
<b>Infrastructure</b>	18,750	19,947	<b>20,756</b>	<b>4.1</b>	<b>2.5</b>
<b>Economic</b>	9,902	10,478	<b>11,182</b>	<b>6.7</b>	<b>5.9</b>
<b>Environment and Food</b>	12,839	13,688	<b>14,745</b>	<b>7.7</b>	<b>6.8</b>
<b>Housing</b>	329	370	<b>371</b>	<b>0.3</b>	<b>0.0</b>
<b>Community and External Affairs</b>	10,575	11,410	<b>12,080</b>	<b>5.9</b>	<b>4.9</b>
<b>Support</b>	40,989	45,420	<b>51,461</b>	<b>13.3</b>	<b>11.5</b>
	<u>305,090</u>	<u>325,708</u>	<u><b>347,461</b></u>	<b>6.7</b>	<b>5.0</b>

**Nominal GDP growth in 2016**

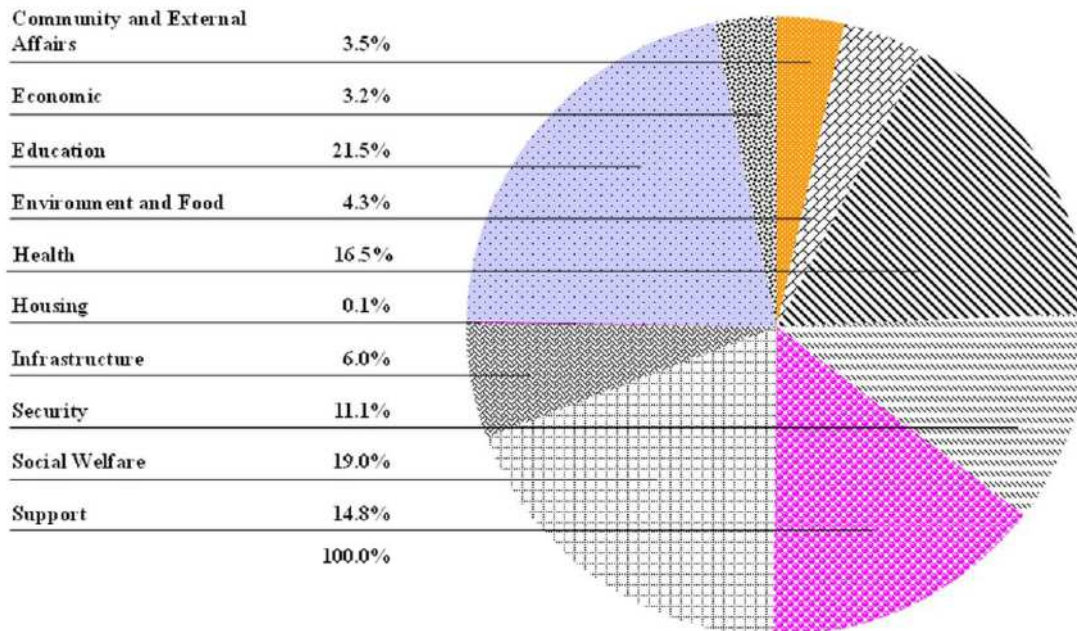
**2.5% to 3.5%**



**Percentage Share of Expenditure by Policy Area Group  
Recurrent Public Expenditure : 2016-17 Estimate**



**Percentage Share of Expenditure by Policy Area Group  
Recurrent Government Expenditure : 2016-17 Estimate**



**SECTION III TOTAL PUBLIC/GOVERNMENT EXPENDITURE  
BY POLICY AREA GROUP**

**Total Public Expenditure : Year-on-Year Change**

	2014-15 Actual \$m	2015-16 Revised Estimate \$m	2016-17 Estimate \$m	Increase/Decrease over 2015-16 Revised Estimate	
				in Nominal Terms %	in Real Terms %
<b>Education</b>	73,724	79,122	<b>84,024</b>	<b>6.2</b>	<b>5.6</b>
<b>Social Welfare</b>	58,091	65,001	<b>72,428</b>	<b>11.4</b>	<b>5.8</b>
<b>Health</b>	57,508	60,774	<b>77,567</b>	<b>27.6</b>	<b>26.8</b>
<b>Security</b>	38,906	43,000	<b>43,551</b>	<b>1.3</b>	<b>0.7</b>
<b>Infrastructure</b>	74,126	79,533	<b>86,060</b>	<b>8.2</b>	<b>3.3</b>
<b>Economic</b>	20,529	19,696	<b>35,265</b>	<b>79.0</b>	<b>75.4</b>
<b>Environment and Food</b>	21,521	21,982	<b>21,872</b>	<b>-0.5</b>	<b>-2.3</b>
<b>Housing</b>	24,349	32,092	<b>34,460</b>	<b>7.4</b>	<b>3.2</b>
<b>Community and External Affairs</b>	12,618	13,635	<b>15,362</b>	<b>12.7</b>	<b>10.8</b>
<b>Support</b>	42,734	47,315	<b>54,792</b>	<b>15.8</b>	<b>14.0</b>
	<u>424,106</u>	<u>462,150</u>	<u><b>525,381</b></u>	<b>13.7</b>	<b>11.0</b>

Nominal GDP growth in 2016

2.5% to 3.5%

**SECTION III TOTAL PUBLIC/GOVERNMENT EXPENDITURE  
BY POLICY AREA GROUP**

**Total Government Expenditure : Year-on-Year Change**

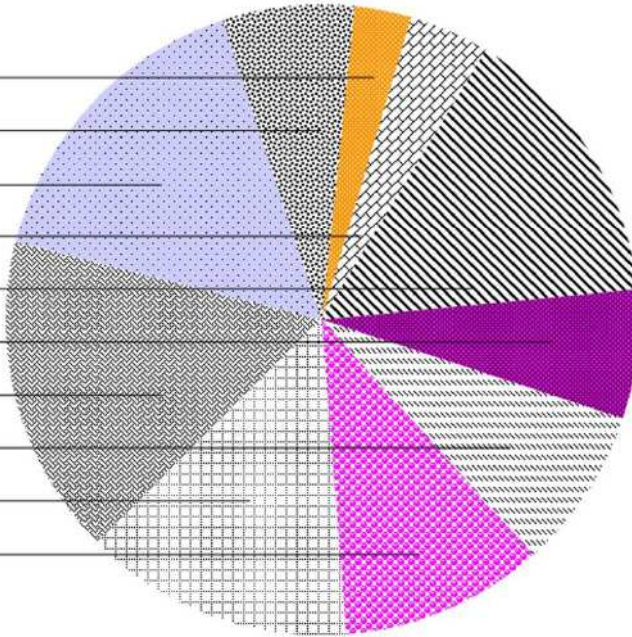
	2014-15 Actual \$m	2015-16 Revised Estimate \$m	2016-17 Estimate \$m	Increase/Decrease over 2015-16 Revised Estimate in Nominal Terms %	in Real Terms %
<b>Education</b>	73,724	79,122	<b>84,024</b>	6.2	5.6
<b>Social Welfare</b>	58,091	65,001	<b>72,428</b>	11.4	5.8
<b>Health</b>	57,508	60,774	<b>77,567</b>	27.6	26.8
<b>Security</b>	38,906	43,000	<b>43,551</b>	1.3	0.7
<b>Infrastructure</b>	73,926	79,313	<b>85,813</b>	8.2	3.3
<b>Economic</b>	15,703	15,201	<b>30,938</b>	103.5	99.3
<b>Environment and Food</b>	21,521	21,982	<b>21,872</b>	-0.5	-2.3
<b>Housing</b>	1,452	1,638	<b>524</b>	-68.0	-68.5
<b>Community and External Affairs</b>	12,618	13,635	<b>15,362</b>	12.7	10.8
<b>Support</b>	42,734	47,315	<b>54,792</b>	15.8	14.0
	<u>396,183</u>	<u>426,981</u>	<u><b>486,871</b></u>	14.0	11.5

Nominal GDP growth in 2016

2.5% to 3.5%

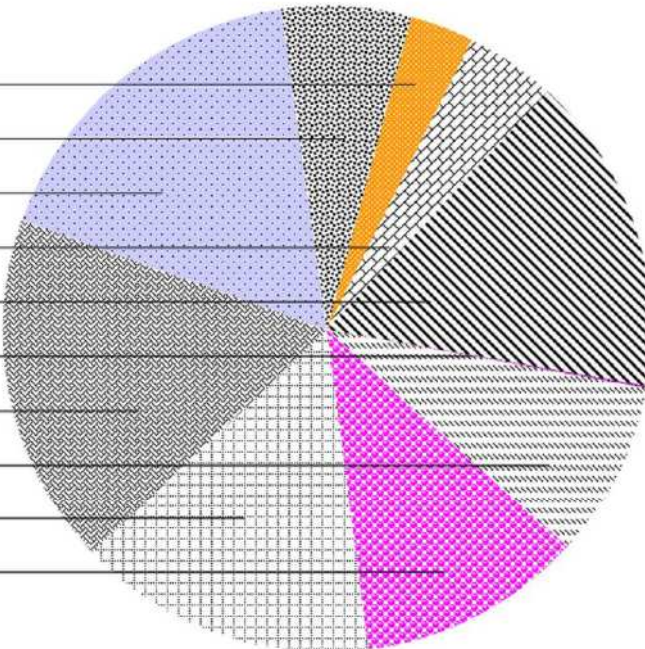
**Percentage Share of Expenditure by Policy Area Group  
Total Public Expenditure : 2016-17 Estimate**

Community and External Affairs	2.9%
Economic	6.7%
Education	16.0%
Environment and Food	4.1%
Health	14.8%
Housing	6.6%
Infrastructure	16.4%
Security	8.3%
Social Welfare	13.8%
Support	10.4%
	100.0%



**Percentage Share of Expenditure by Policy Area Group  
Total Government Expenditure : 2016-17 Estimate**

Community and External Affairs	3.2%
Economic	6.4%
Education	17.3%
Environment and Food	4.5%
Health	15.9%
Housing	0.1%
Infrastructure	17.6%
Security	8.9%
Social Welfare	14.9%
Support	11.2%
	100.0%



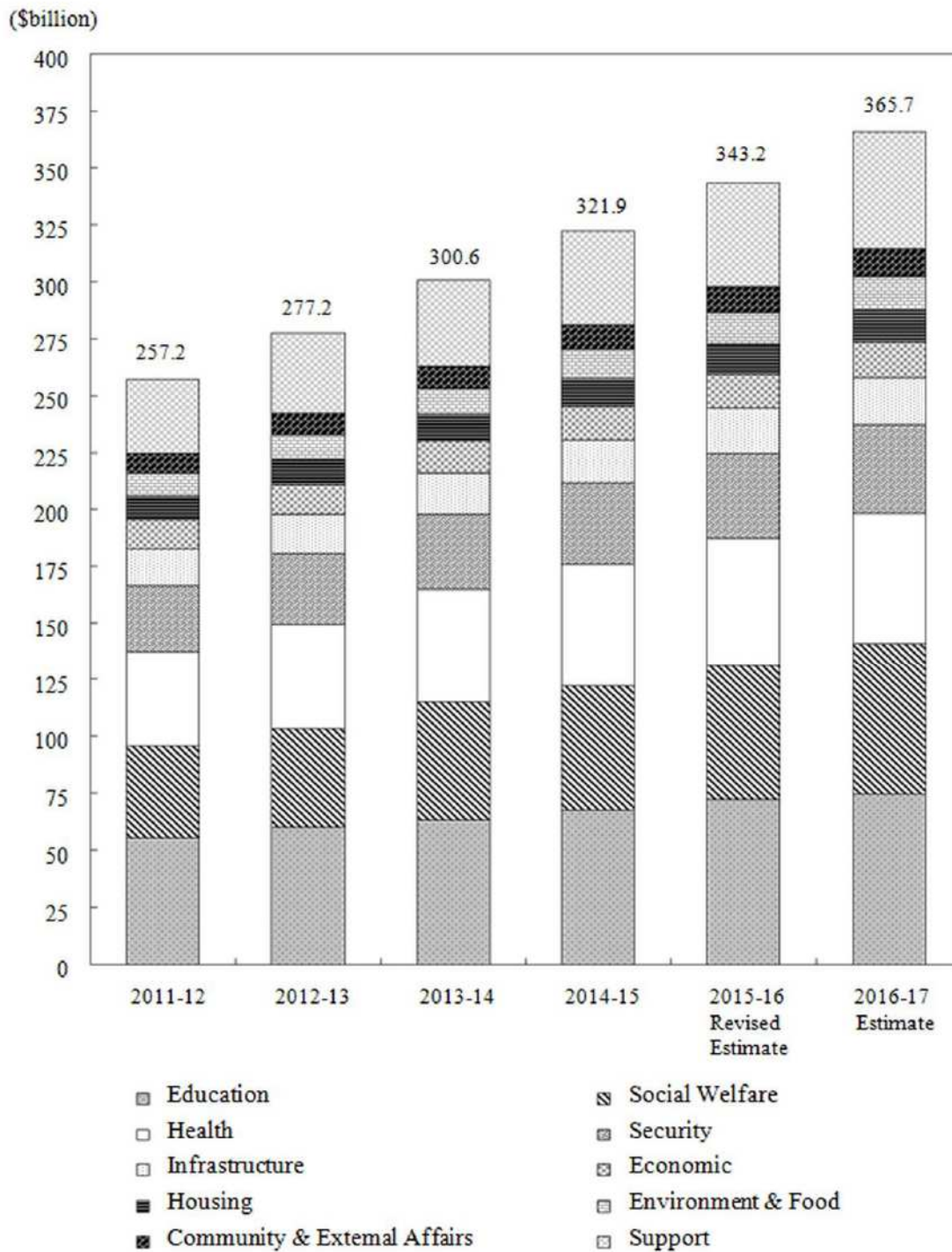
**SECTION IV MAJOR CAPITAL PROJECTS PLANNED FOR COMMENCEMENT IN 2016-17**

Major capital projects estimated to begin in 2016-17 include –

	<b>Project Estimates \$ billion</b>
<b>Infrastructure</b>	<b>64.7</b>
— Kai Tak development—stage 3B and stage 5A infrastructure at former north apron area	
— Tung Chung New Town Extension—detailed design and site investigation	
— Infrastructure works for development at Queen’s Hill, Fanling	
— Central Kowloon Route—Main Works	
— Retrofitting of noise barriers on Tuen Mun Road (Fu Tei Section)	
— Tseung Kwan O–Lam Tin Tunnel—construction	
— Improvement of water supply to Sheung Shui and Fanling	
<b>Community and External Affairs</b>	<b>6.9</b>
— Cycle tracks connecting North West New Territories with North East New Territories— Tuen Mun to Sheung Shui section (Remaining)	
— Sports centre at Choi Wing Road, Kwun Tong	
— Sports centre, community hall and football pitches in Area 1, Tai Po	
— Sports centre, 5-a-side soccer pitch and public library facilities at Northwest Kowloon Reclamation Site 6, Sham Shui Po	
— 3 projects under Youth Hostel Scheme	
— 14 projects under Signature Project Scheme	
<b>Environment and Food</b>	<b>5.9</b>
— Construction of additional sewage rising main and rehabilitation of the existing sewage rising main between Tung Chung and Siu Ho Wan	
— Upgrading of San Wai sewage treatment works—phase 1	
— Provision of columbarium at Wo Hop Shek Cemetery—Phase 1	
<b>Health</b>	<b>4.7</b>
— Redevelopment of Kwong Wah Hospital—main works (demolition and substructure works for Phase 1)	
— Expansion of Haven of Hope Hospital	
— Redevelopment of Kwai Chung Hospital—phase 1	
— Redevelopment of Grantham Hospital (phase 1)—preparatory works	
<b>Security</b>	<b>4.3</b>
— Renovation works for the West Wing of the former Central Government Offices for office use by the Department of Justice and law-related organisations	
— Kowloon East Regional Headquarters and Operational Base-cum-Ngau Tau Kok Divisional Police Station	
<b>Support</b>	<b>2.9</b>
— Re-provisioning of Transport Department’s vehicle examination centres at Tsing Yi	
<b>Education</b>	<b>0.6</b>
— A 30-classroom secondary school at site 1A-2, Kai Tak development	

**SECTION V TRENDS IN PUBLIC EXPENDITURE : 2011-12 TO 2016-17**

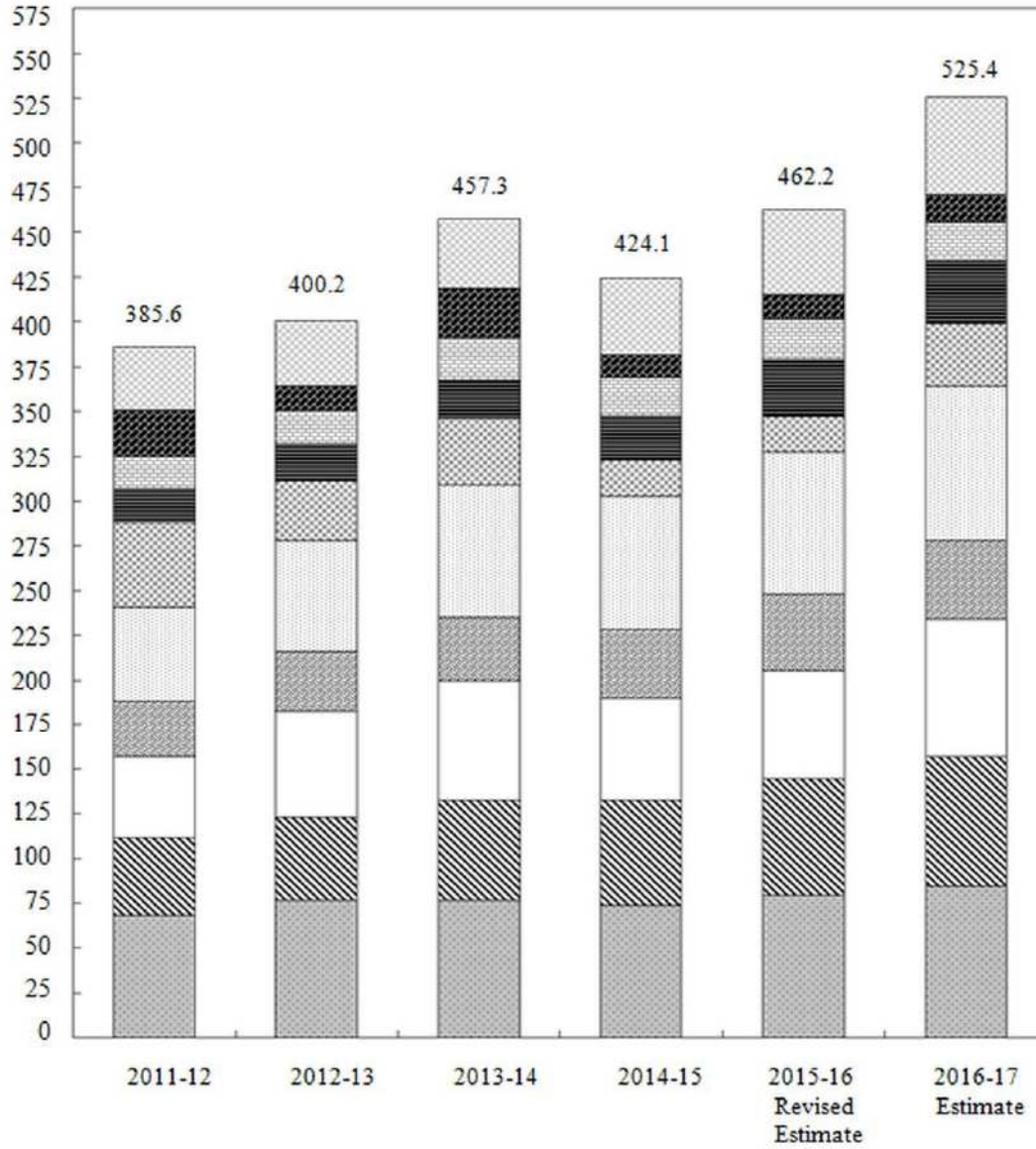
Recurrent Public Expenditure by Policy Area Group 2011-12 to 2016-17



**SECTION V TRENDS IN PUBLIC EXPENDITURE : 2011-12 TO 2016-17**

**Total Public Expenditure by Policy Area Group 2011-12 to 2016-17**

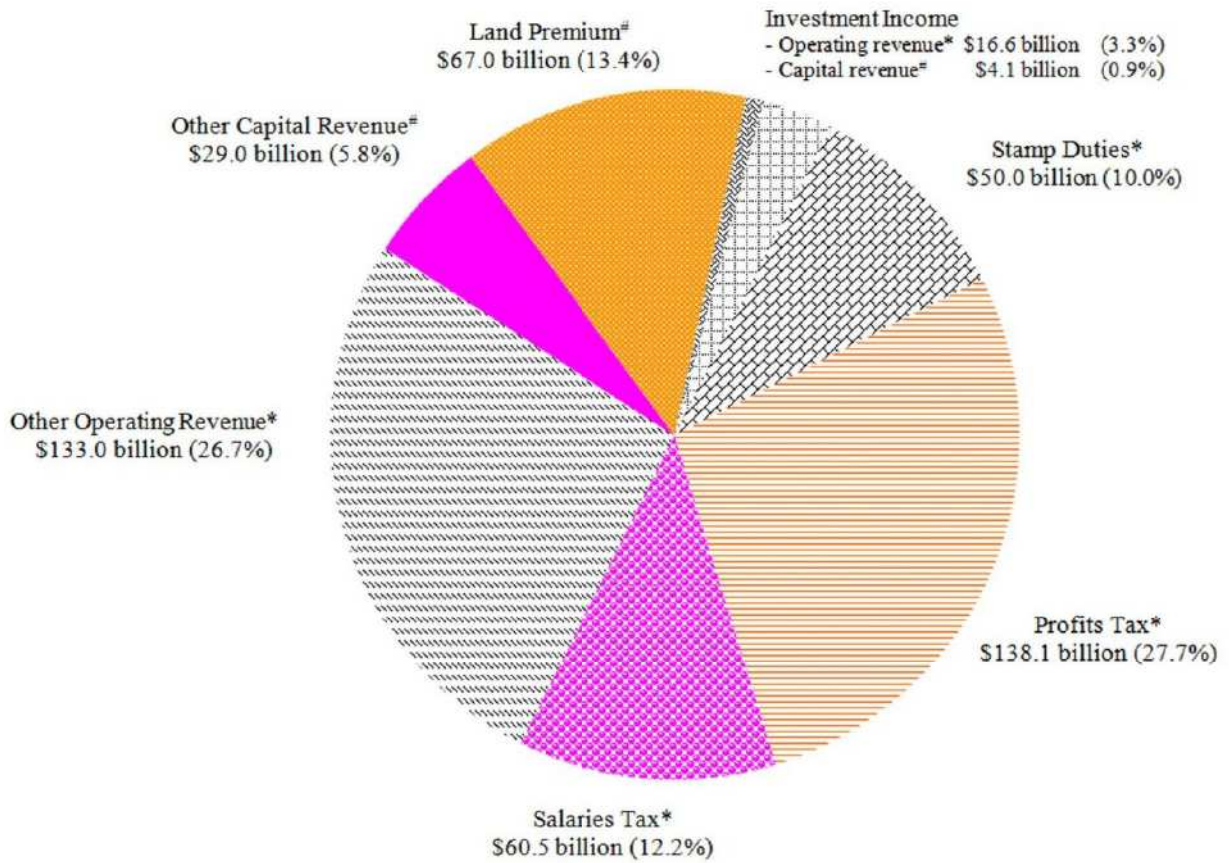
(\$billion)



- Education
- Health
- ▨ Infrastructure
- Housing
- Community & External Affairs
- ▨ Social Welfare
- Security
- ▨ Economic
- ▨ Environment & Food
- ▨ Support

**SECTION VI ANALYSIS OF GOVERNMENT REVENUE**

2016-17 Estimate (\$498.3 billion)



\* Operating Revenue \$398.2 billion (79.9%)

# Capital Revenue \$100.1 billion (20.1%)



## SECTION VII CLASSIFICATION OF POLICY AREA GROUP

Policy Area Group	Policy Area (Note)
Community and External Affairs	19 District and Community Relations
	18 Recreation, Culture, Amenities and Entertainment Licensing
Economic	3 Air and Sea Communications and Logistics Development
	6 Commerce and Industry
	8 Employment and Labour
	1 Financial Services
	17 Information Technology and Broadcasting
	34 Manpower Development
	4 Posts, Competition Policy and Consumer Protection
	7 Public Safety
5 Travel and Tourism	
Education	16 Education
Environment and Food	2 Agriculture, Fisheries and Food Safety
	32 Environmental Hygiene
	23 Environmental Protection, Conservation, Power and Sustainable Development
Health	15 Health
Housing	31 Housing
Infrastructure	22 Buildings, Lands, Planning, Heritage Conservation, Greening and Landscape
	21 Land and Waterborne Transport
	24 Water Supply, Drainage and Slope Safety
Security	12 Administration of Justice
	13 Anti-corruption
	10 Immigration Control
	9 Internal Security
	11 Legal Administration
	20 Legal Aid
Social Welfare	14 Social Welfare
	33 Women's Interests
Support	26 Central Management of the Civil Service
	30 Complaints Against Maladministration
	28 Constitutional and Mainland Affairs
	27 Intra-Governmental Services
	25 Revenue Collection and Financial Control
	29 Support for Members of the Legislative Council

*Note:* Details of individual heads of expenditure contributing to a particular policy area are provided in an index in Volume I of the 2016-17 Estimates. The index further provides details, by head of expenditure, of individual programmes which contribute to a policy area.

