

APPENDIX B

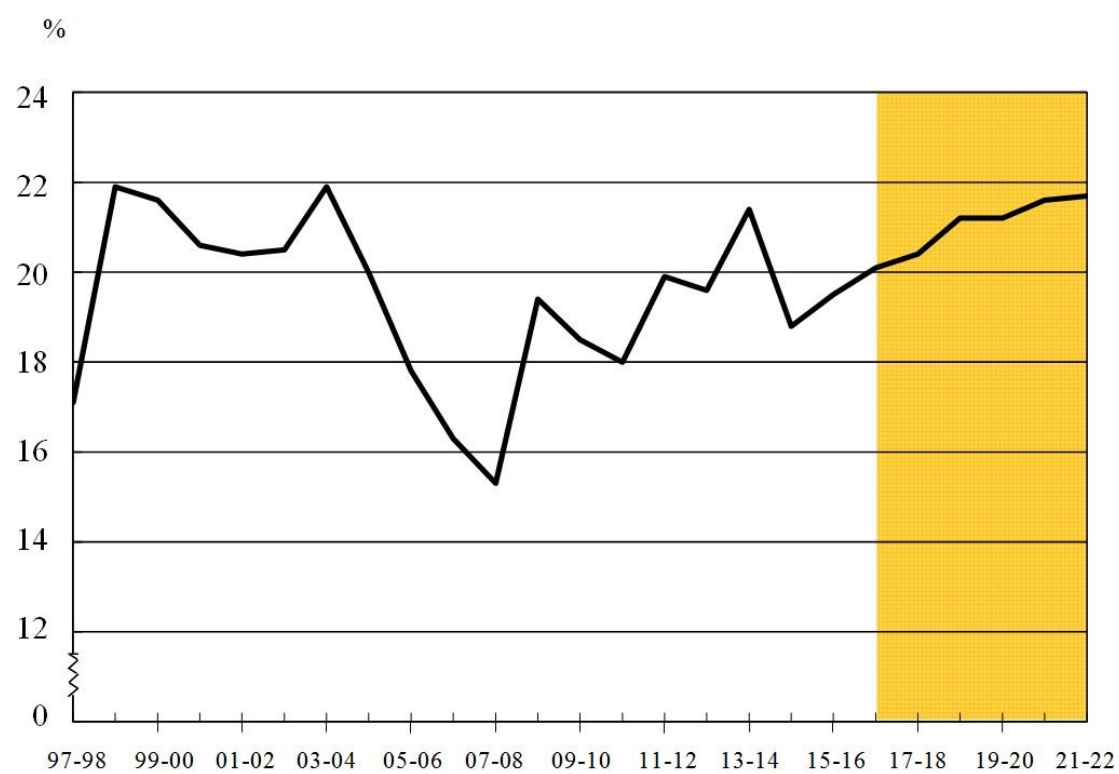
ANALYSIS OF EXPENDITURE AND REVENUE

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

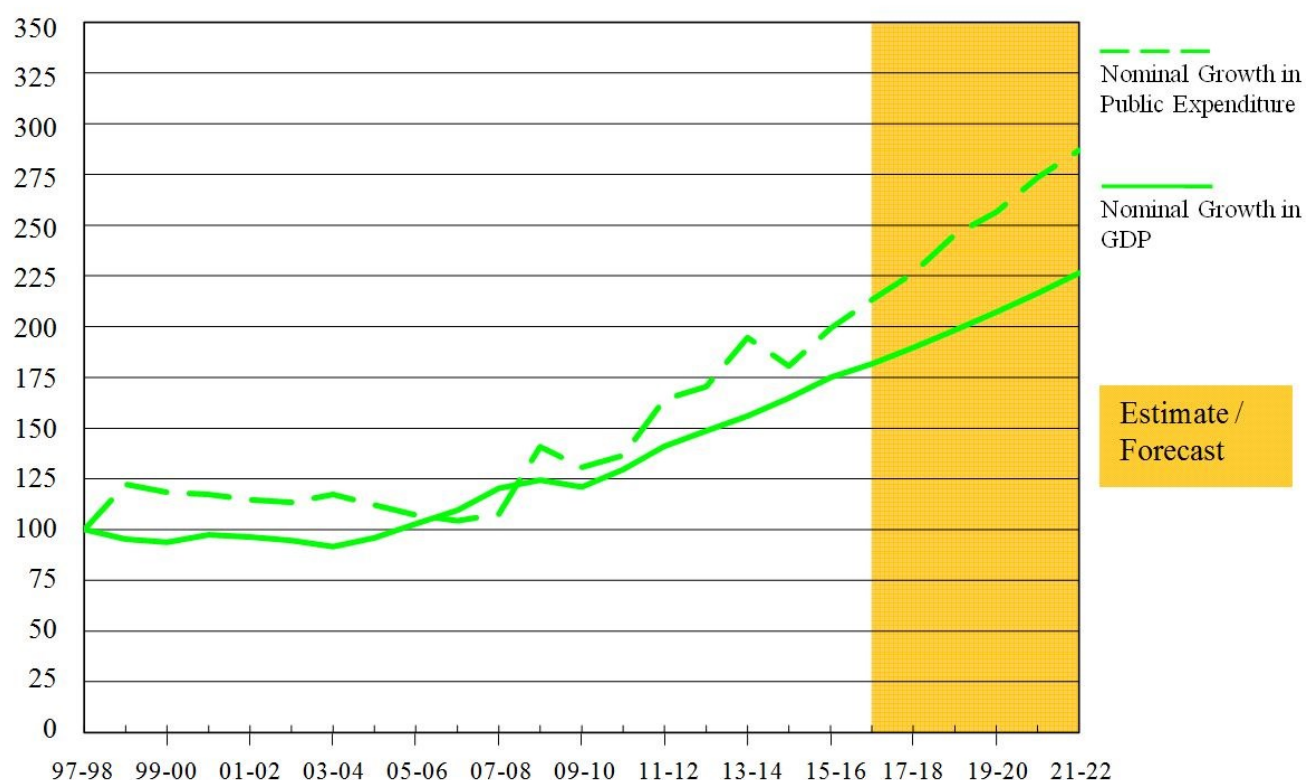
	2017-18 Estimate \$m
General Revenue Account	
Operating	384,200
Capital	5,007
	<hr/> 389,207
Capital Investment Fund	726
Capital Works Reserve Fund	91,654
Innovation and Technology Fund	1,783
Loan Fund	5,214
Lotteries Fund	2,827
Government Expenditure	<hr/> 491,411
Trading Funds	4,843
Housing Authority	35,563
Public Expenditure	<hr/> 531,817
GDP	2,601,100
Public Expenditure in terms of percentage of GDP	20.4%

Public Expenditure in terms of Percentage of GDP



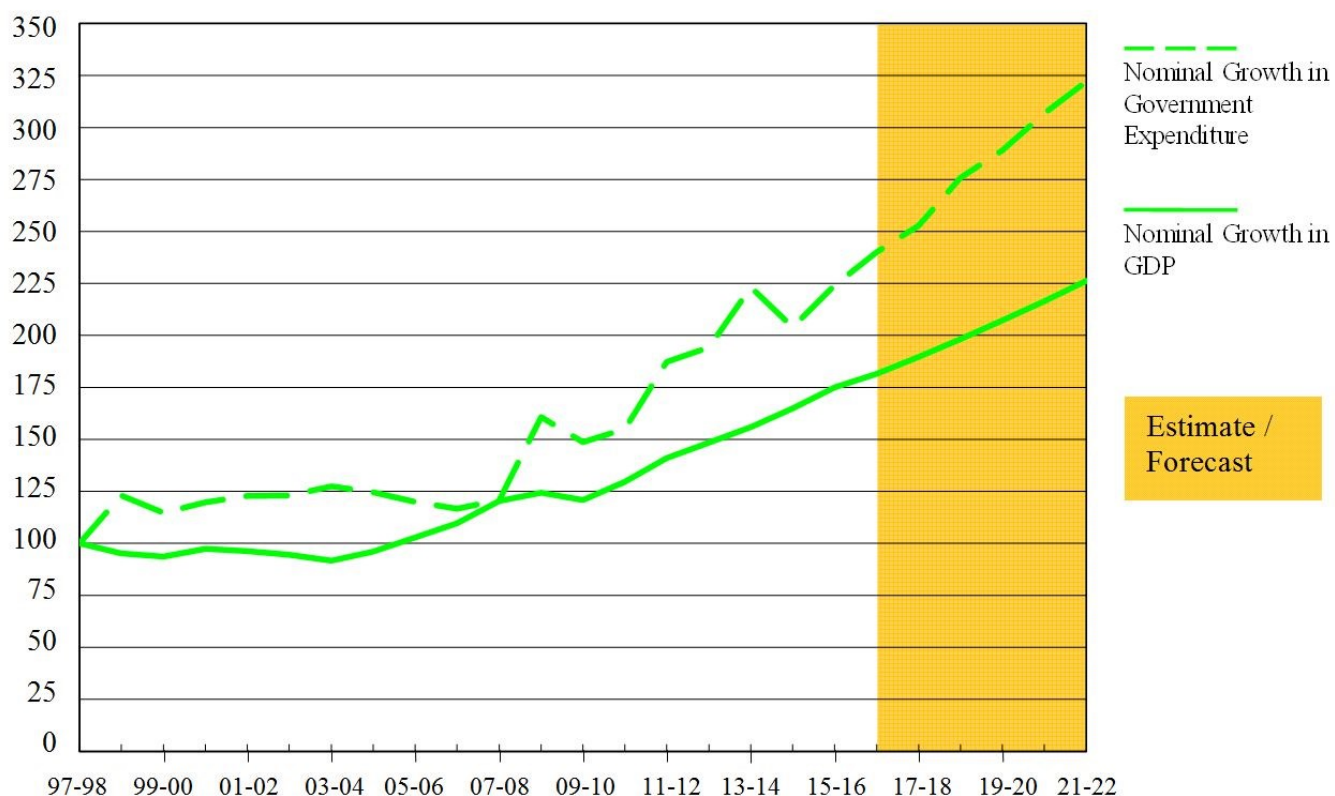
**Comparison of Cumulative Growth in Public Expenditure
with Cumulative Growth in GDP
since 1997-98**

Index
(97-98 = 100)



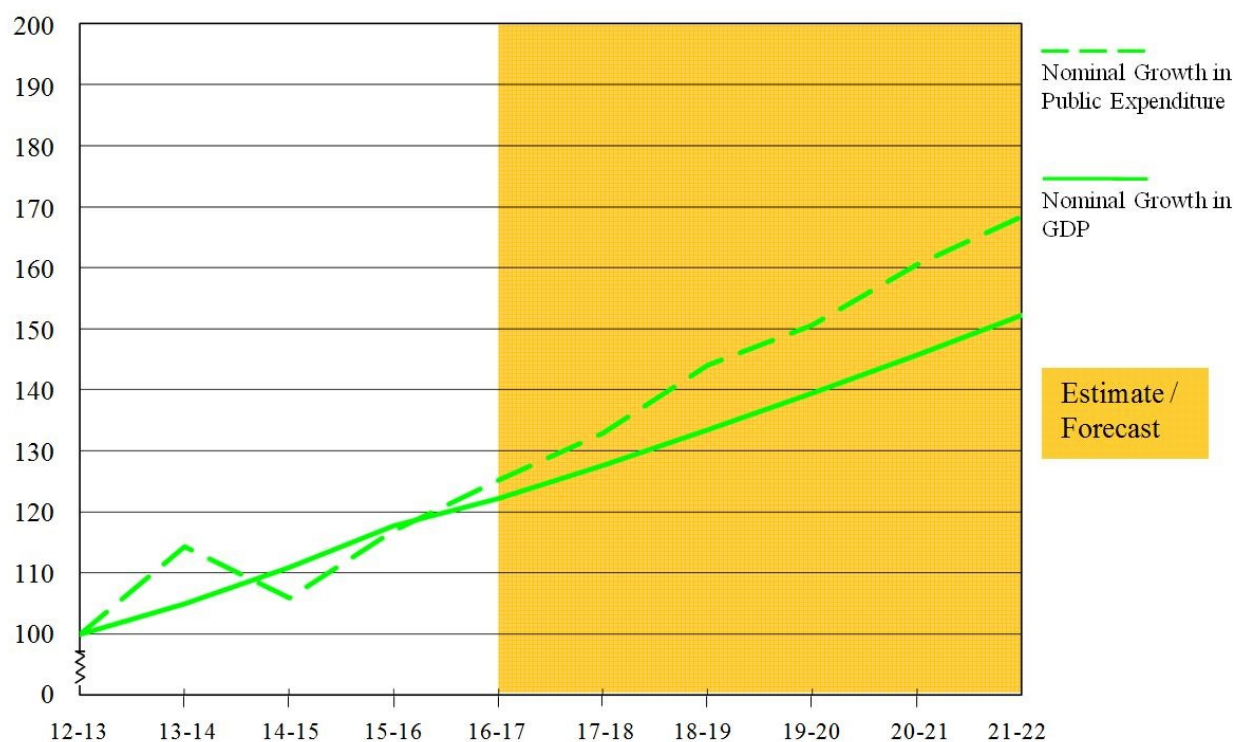
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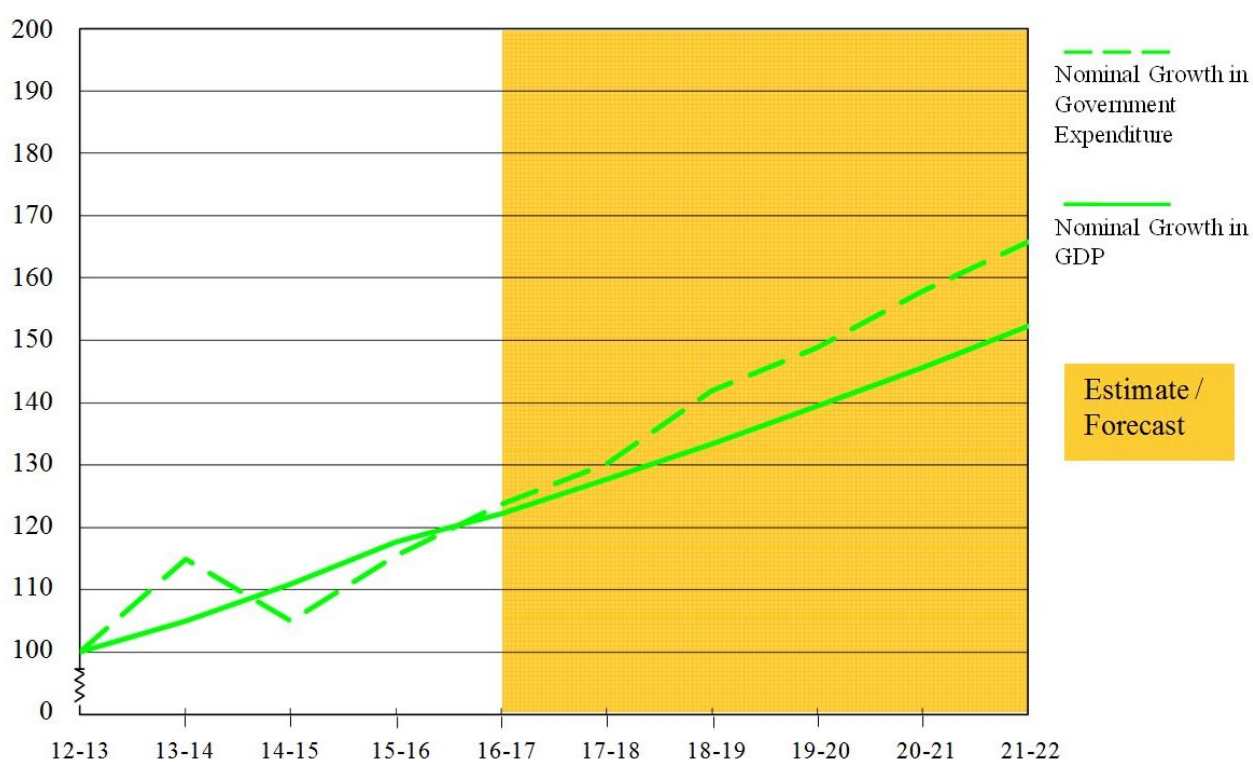
**Comparison of Cumulative Growth in Public Expenditure
with Cumulative Growth in GDP
since 2012-13**

Index
(12-13 = 100)



**Comparison of Cumulative Growth in Government Expenditure
with Cumulative Growth in GDP
since 2012-13**

Index
(12-13 = 100)



**SECTION II RECURRENT PUBLIC/GOVERNMENT EXPENDITURE
BY POLICY AREA GROUP**
Recurrent Public Expenditure : Year-on-Year Change

	2015-16 Actual \$m	2016-17 Revised Estimate \$m	2017-18 Estimate \$m	Increase/Decrease over 2016-17 Revised Estimate in Nominal Terms %	in Real Terms %
Education	72,352	75,505	78,627	4.1	3.5
Social Welfare	58,265	63,780	73,302	14.9	12.9
Health	56,473	58,766	61,935	5.4	4.9
Security	36,943	38,811	41,028	5.7	5.2
Infrastructure	20,076	21,056	22,086	4.9	3.1
Economic	14,603	15,429	16,078	4.2	2.7
Environment and Food	13,542	14,643	16,057	9.7	8.4
Housing	12,848	13,747	14,809	7.7	5.3
Community and External Affairs	11,399	12,100	12,603	4.2	2.9
Support	44,986	49,307	53,483	8.5	8.2
	<u>341,487</u>	<u>363,144</u>	<u>390,008</u>	7.4	6.4

GDP growth in 2017
4% to 5% 2% to 3%

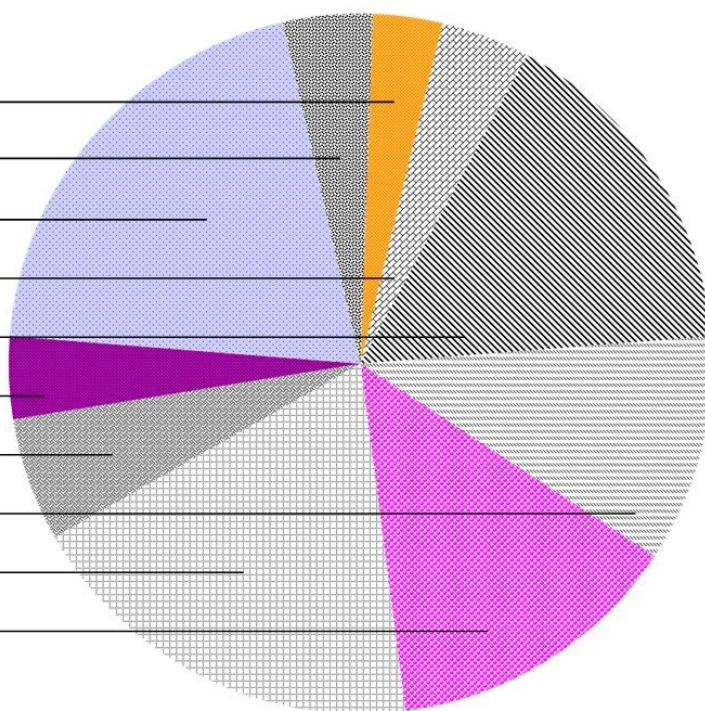
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Recurrent Government Expenditure : Year-on-Year Change

	2015-16 Actual \$m	2016-17 Revised Estimate \$m	2017-18 Estimate \$m	Increase/Decrease over 2016-17 Revised Estimate in Nominal Terms %	in Real Terms %
Education	72,352	75,505	78,627	4.1	3.5
Social Welfare	58,265	63,780	73,302	14.9	12.9
Health	56,473	58,766	61,935	5.4	4.9
Security	36,943	38,811	41,028	5.7	5.2
Infrastructure	19,875	20,846	21,875	4.9	3.1
Economic	10,341	11,193	11,664	4.2	3.4
Environment and Food	13,542	14,643	16,057	9.7	8.4
Housing	356	383	391	2.1	2.0
Community and External Affairs	11,399	12,100	12,603	4.2	2.9
Support	44,986	49,307	53,483	8.5	8.2
	<u>324,532</u>	<u>345,334</u>	<u>370,965</u>	7.4	6.5
GDP growth in 2017				4% to 5%	2% to 3%

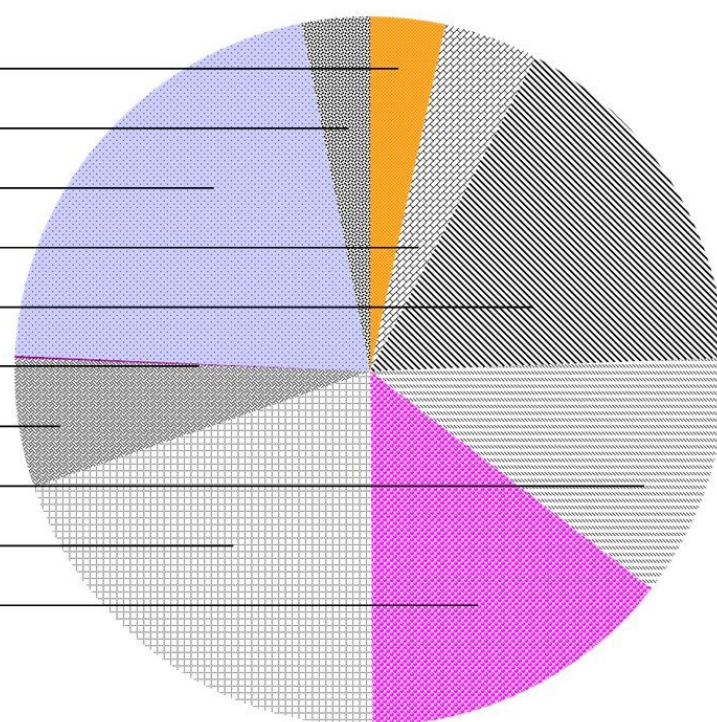
Percentage Share of Expenditure by Policy Area Group
Recurrent Public Expenditure : 2017-18 Estimate

Community and External Affairs	3.2%
Economic	4.1%
Education	20.2%
Environment and Food	4.1%
Health	15.9%
Housing	3.8%
Infrastructure	5.7%
Security	10.5%
Social Welfare	18.8%
Support	13.7%
	100.0%



Percentage Share of Expenditure by Policy Area Group
Recurrent Government Expenditure : 2017-18 Estimate

Community and External Affairs	3.4%
Economic	3.1%
Education	21.2%
Environment and Food	4.3%
Health	16.7%
Housing	0.1%
Infrastructure	5.9%
Security	11.1%
Social Welfare	19.8%
Support	14.4%
	100.0%



SECTION III TOTAL PUBLIC/GOVERNMENT EXPENDITURE BY POLICY AREA GROUP

Total Public Expenditure : Year-on-Year Change

	2015-16 Actual \$m	2016-17 Revised Estimate \$m	2017-18 Estimate \$m	Increase/Decrease over 2016-17 Revised Estimate in Nominal Terms %	in Real Terms %
Education	78,968	82,601	87,516	6.0	5.2
Social Welfare	64,893	68,405	80,456	17.6	15.4
Health	70,424	66,207	69,960	5.7	4.9
Security	43,108	43,181	47,310	9.6	8.8
Infrastructure	81,021	92,574	89,283	-3.6	-7.0
Economic	19,037	29,890	22,629	-24.3	-25.5
Environment and Food	20,839	21,219	23,304	9.8	7.8
Housing	29,405	29,986	36,109	20.4	15.3
Community and External Affairs	13,495	14,917	18,256	22.4	20.2
Support	46,838	51,810	56,994	10.0	9.6
	<u>468,028</u>	<u>500,790</u>	<u>531,817</u>	6.2	4.4

GDP growth in 2017

4% to 5% 2% to 3%

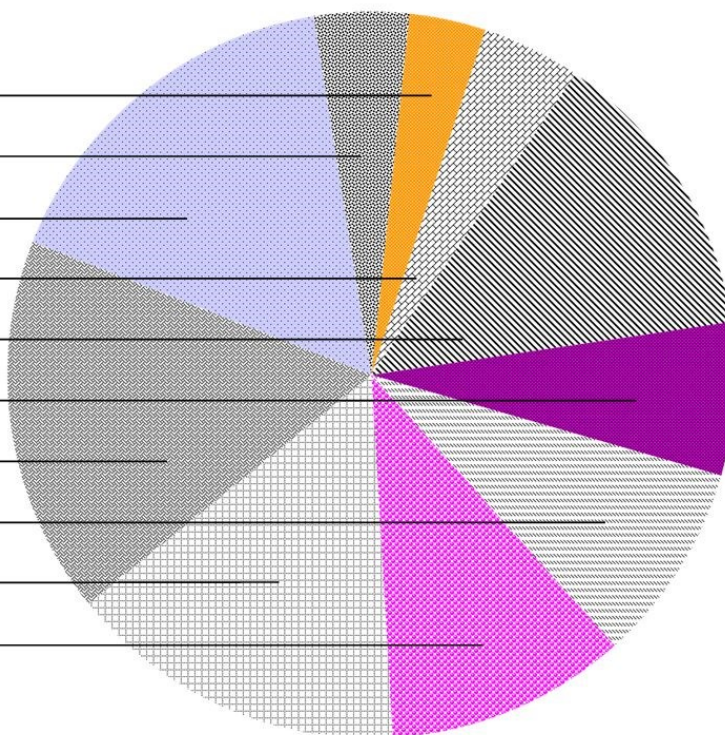
SECTION III TOTAL PUBLIC/GOVERNMENT EXPENDITURE BY POLICY AREA GROUP

Total Government Expenditure : Year-on-Year Change

	2015-16 Actual \$m	2016-17 Revised Estimate \$m	2017-18 Estimate \$m	Increase/Decrease over 2016-17 Revised Estimate	
				in Nominal Terms %	in Real Terms %
Education	78,968	82,601	87,516	6.0	5.2
Social Welfare	64,893	68,405	80,456	17.6	15.4
Health	70,424	66,207	69,960	5.7	4.9
Security	43,108	43,181	47,310	9.6	8.8
Infrastructure	80,810	92,353	89,062	-3.6	-7.0
Economic	14,663	25,471	18,007	-29.3	-30.1
Environment and Food	20,839	21,219	23,304	9.8	7.8
Housing	1,595	522	546	4.6	3.3
Community and External Affairs	13,495	14,917	18,256	22.4	20.2
Support	46,838	51,810	56,994	10.0	9.6
	<u>435,633</u>	<u>466,686</u>	<u>491,411</u>	5.3	3.7
 GDP growth in 2017				4% to 5%	2% to 3%

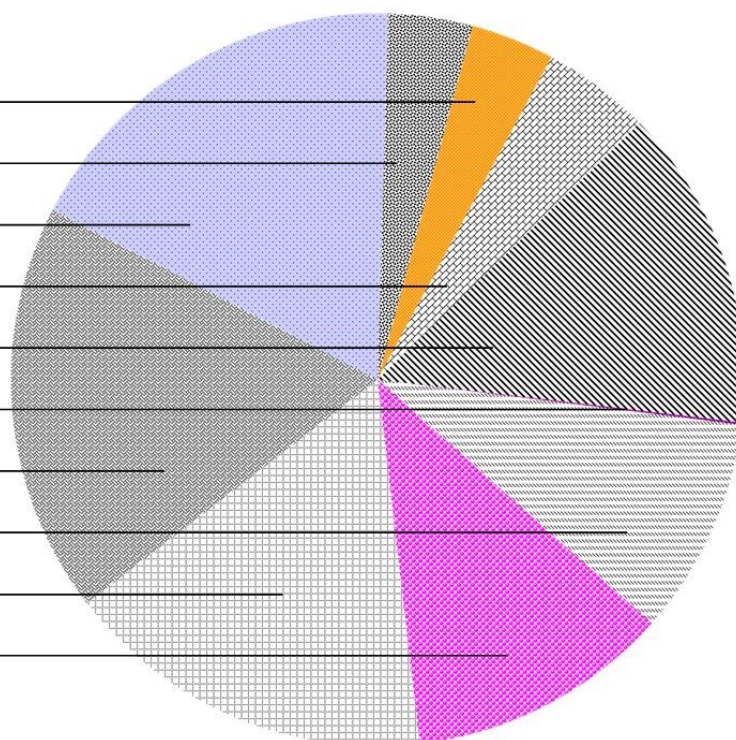
Percentage Share of Expenditure by Policy Area Group
Total Public Expenditure : 2017-18 Estimate

Community and External Affairs	3.4%
Economic	4.2%
Education	16.5%
Environment and Food	4.4%
Health	13.2%
Housing	6.8%
Infrastructure	16.8%
Security	8.9%
Social Welfare	15.1%
Support	10.7%
	100.0%



Percentage Share of Expenditure by Policy Area Group
Total Government Expenditure : 2017-18 Estimate

Community and External Affairs	3.7%
Economic	3.7%
Education	17.8%
Environment and Food	4.8%
Health	14.2%
Housing	0.1%
Infrastructure	18.1%
Security	9.6%
Social Welfare	16.4%
Support	11.6%
	100.0%



SECTION IV MAJOR CAPITAL PROJECTS PLANNED FOR COMMENCEMENT IN 2017-18

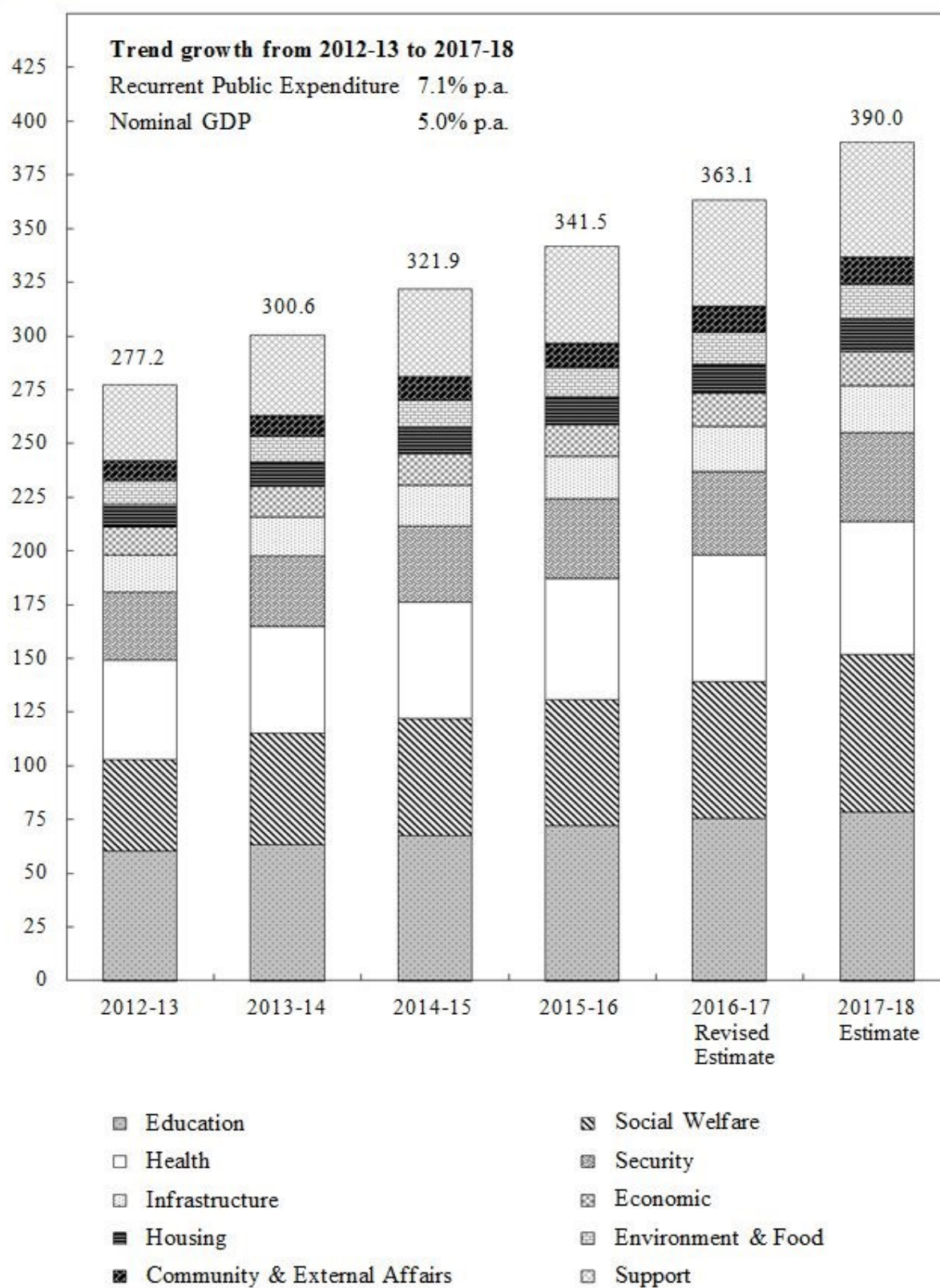
Major capital projects estimated to begin in 2017-18 include –

	Project Estimates \$ billion
Infrastructure	76.9
— Site formation and associated infrastructural works for development of columbarium at Sandy Ridge Cemetery	
— Central Kowloon Route—main works	
— Development of Anderson Road Quarry site—remaining works	
— Site formation and infrastructure works for development at Kam Tin South, Yuen Long—advance works	
— Tung Chung New Town Extension—reclamation and advance works	
— Integrated Basement for West Kowloon Cultural District—third stage of construction works	
— Upgrading of disinfection facilities in water treatment works	
— Design and construction for first stage of desalination plant at Tseung Kwan O—mainlaying	
— Site formation and infrastructure works for public housing developments at Chung Nga Road and Area 9, Tai Po—Phase 1	
— Road improvement works at Ma On Shan, Sha Tin	
Security	5.9
— Construction of rank and file quarters for Fire Services Department at Area 106, Pak Shing Kok, Tseung Kwan O	
— Construction of Departmental Quarters for Customs and Excise Department at Tseung Kwan O Area 123 (Po Lam Road)	
— Redevelopment of Junior Police Officers Married Quarters at Fan Garden, Fanling	
Health	3.0
— Extension of Operating Theatre Block for Tuen Mun Hospital—main works	
Support	2.9
— Reprovisioning of Transport Department's vehicle examination centres at Tsing Yi	
Environment and Food	2.5
— Construction of dry weather flow interceptor at Cherry Street box culvert	
— Rehabilitation of trunk sewers in Kowloon, Shatin and Sai Kung	
— Enhancement works for Kwun Tong sewage pumping station	
Economic	1.8
— Reprovisioning of Hongkong Post's Headquarters in the General Post Office Building to a Government, Institution or Community site at Wang Chin Street, Kowloon Bay	
Education	1.0
— Academic building at No. 3 Sassoon Road	

SECTION V TRENDS IN PUBLIC EXPENDITURE : 2012-13 TO 2017-18

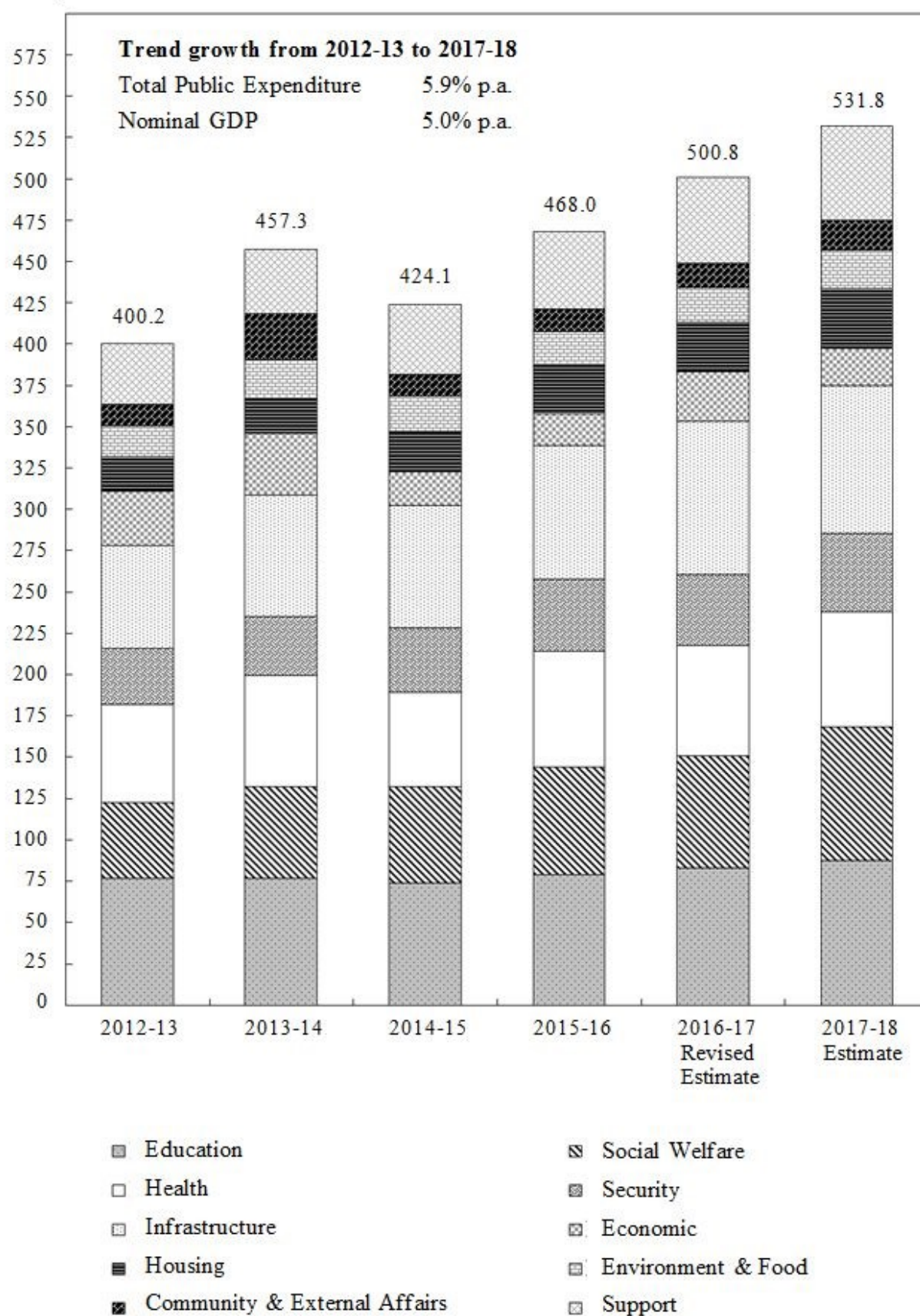
Recurrent Public Expenditure by Policy Area Group

(\$billion)



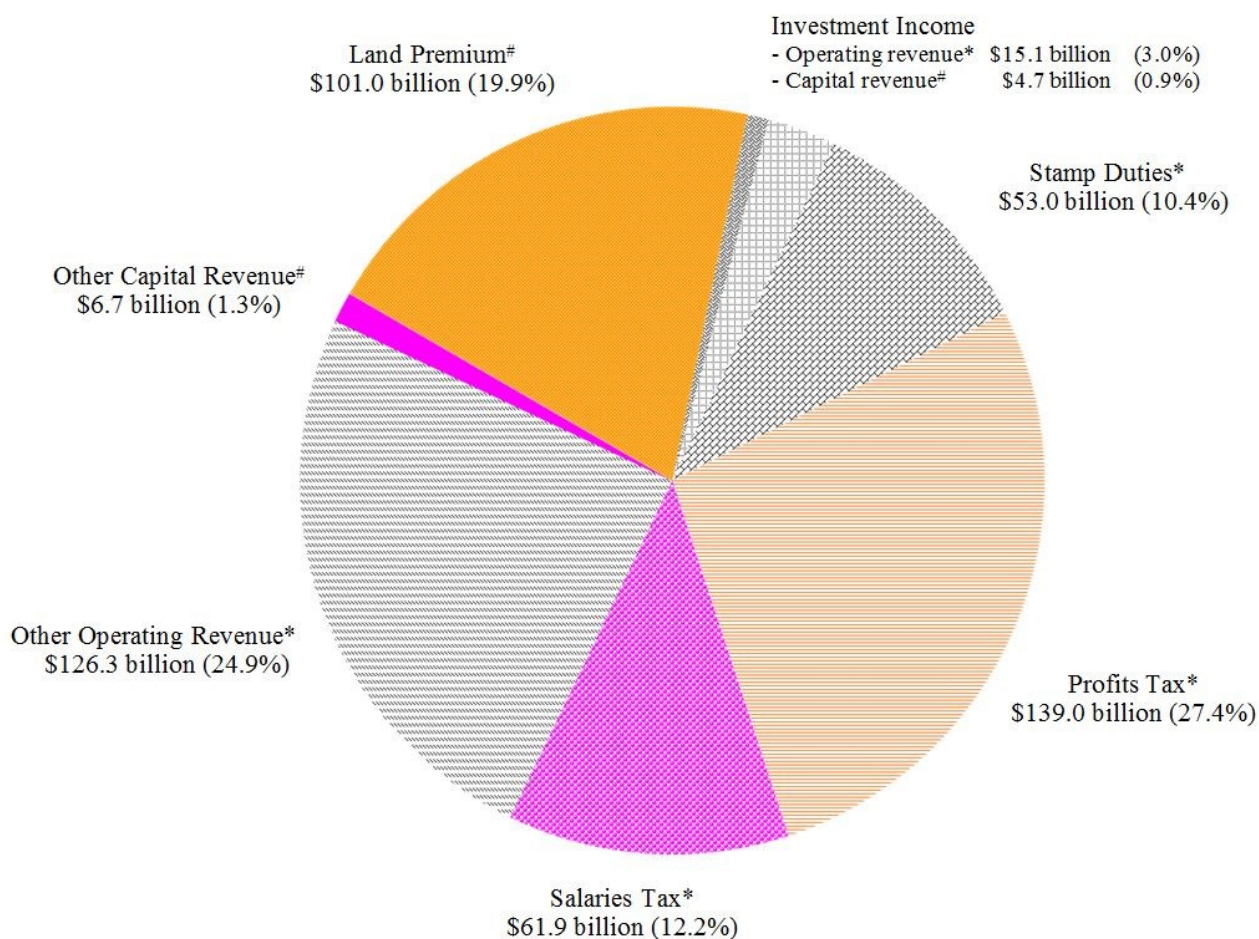
Total Public Expenditure by Policy Area Group

(\$billion)



SECTION VI ANALYSIS OF GOVERNMENT REVENUE

2017-18 Estimate (\$507.7 billion)



	2017-18 Estimate	% Share of Government Revenue	% of GDP
* Operating Revenue	\$395.3 billion	77.9%	15.2%
# Capital Revenue	\$112.4 billion	22.1%	4.3%
Total	\$507.7 billion	100%	19.5%

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
Education	5	Travel and Tourism
	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 2017-18 Estimates. The index further provides details, by head of expenditure, of individual programmes which contribute to a policy area.