

# **APPENDIX B**

## **ANALYSIS OF EXPENDITURE AND REVENUE**

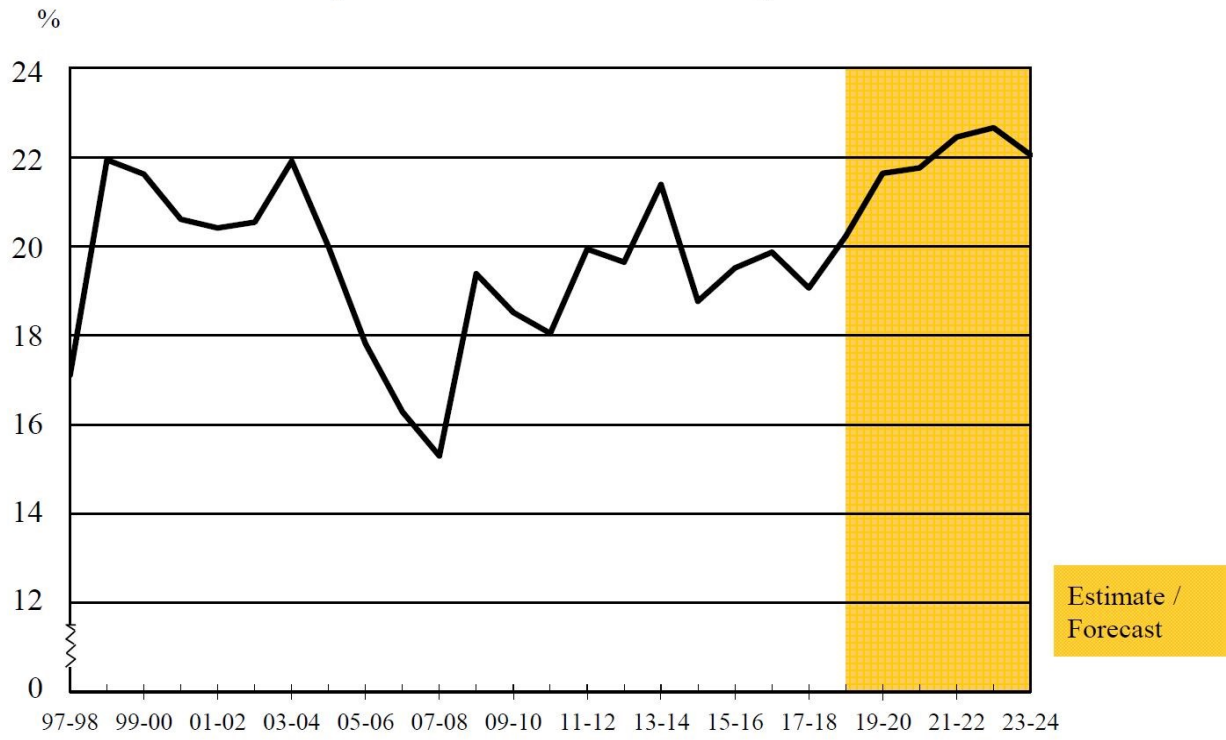


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**SECTION I THE ESTIMATES IN THE CONTEXT OF THE ECONOMY****Relationship between Government Expenditure, Public Expenditure and GDP**

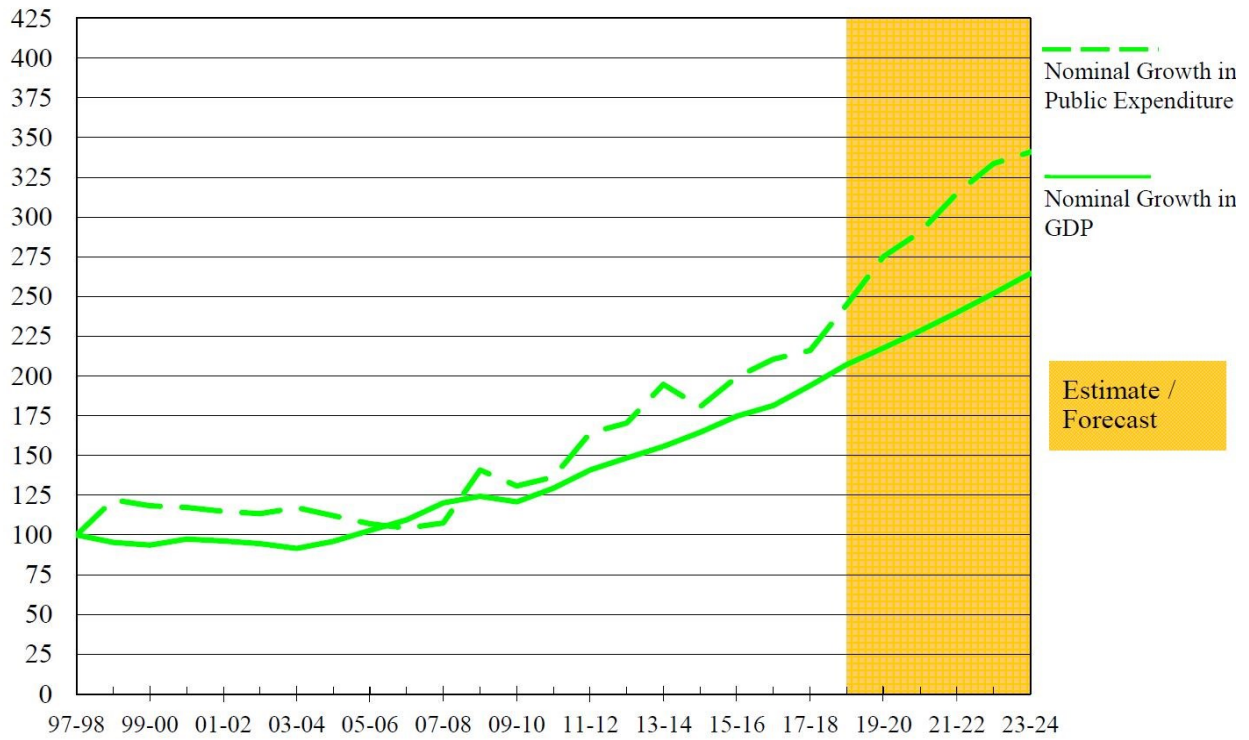
	<b>2019-20 Estimate \$m</b>
General Revenue Account	
Operating	501,500
Capital	7,221
	<hr/> 508,721
Capital Investment Fund	4,133
Capital Works Reserve Fund	85,157
Innovation and Technology Fund	3,968
Loan Fund	2,774
Lotteries Fund	3,005
<b>Government Expenditure</b>	<hr/> <b>607,758</b>
Trading Funds	6,297
Housing Authority	32,341
<b>Public Expenditure</b>	<hr/> <b>646,396</b>
GDP	2,987,600
Public Expenditure in terms of percentage of GDP	21.6%

**Public Expenditure in terms of Percentage of GDP**



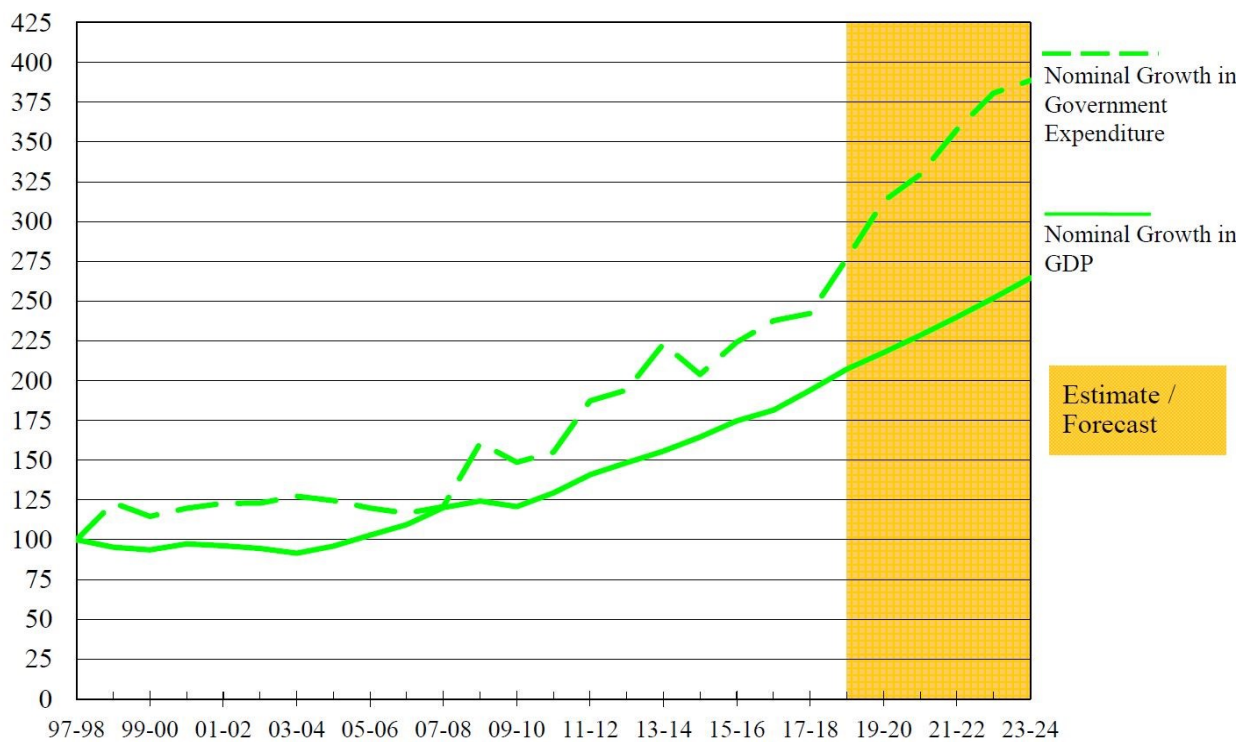
**Comparison of Cumulative Growth in Public Expenditure  
with Cumulative Growth in GDP  
since 1997-98**

Index  
(97-98 = 100)



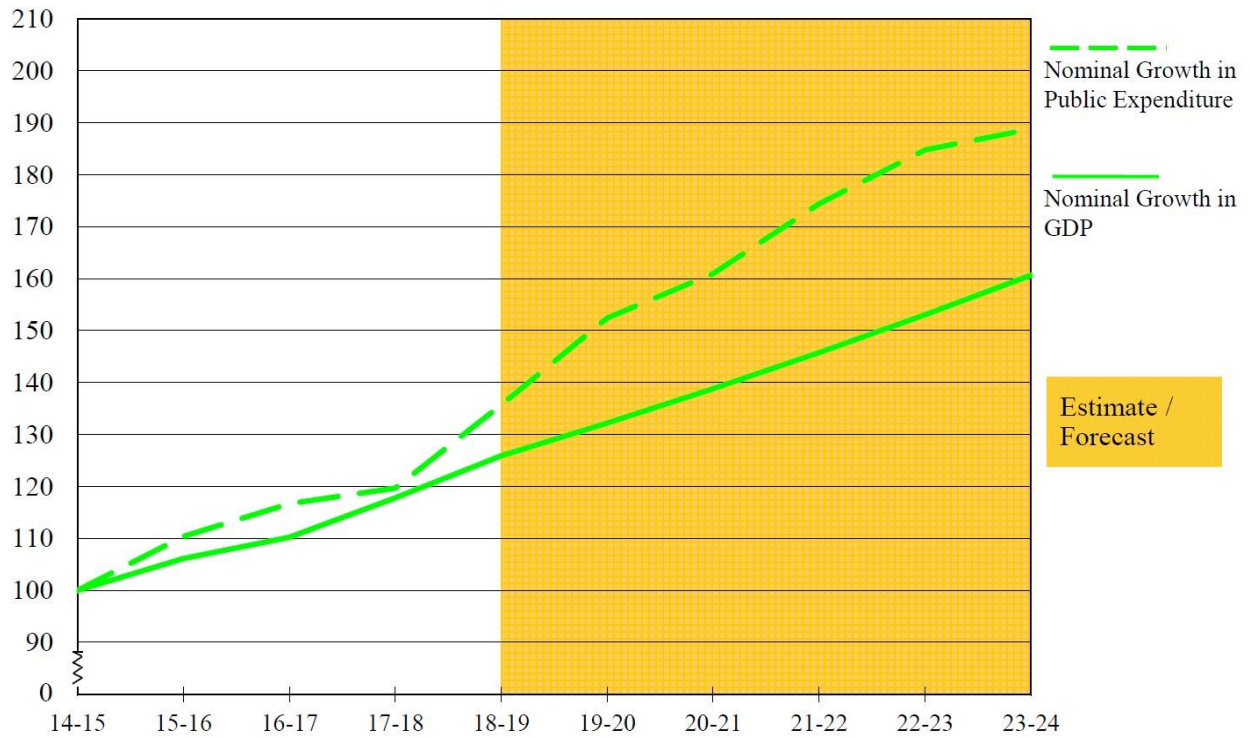
**Comparison of Cumulative Growth in Government Expenditure  
with Cumulative Growth in GDP  
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Index  
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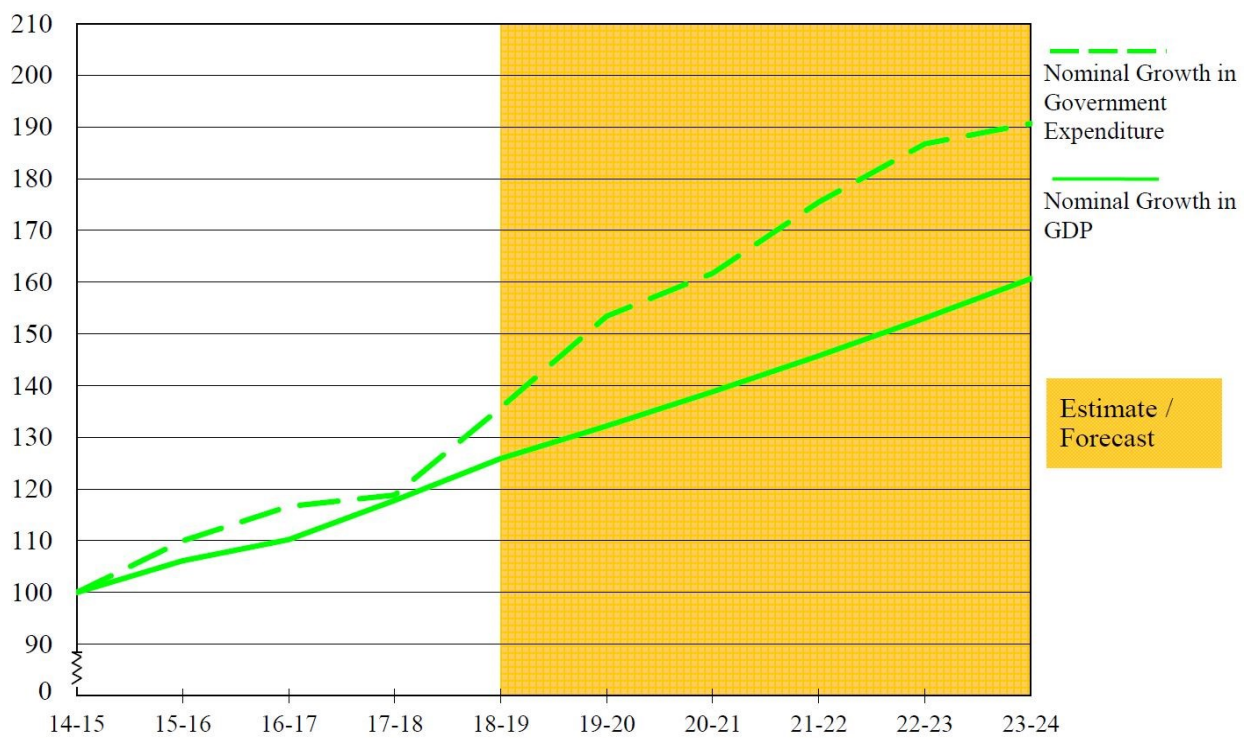
**Comparison of Cumulative Growth in Public Expenditure  
with Cumulative Growth in GDP  
since 2014-15**

Index  
(14-15 = 100)



**Comparison of Cumulative Growth in Government Expenditure  
with Cumulative Growth in GDP  
since 2014-15**

Index  
(14-15 = 100)



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

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

	2017-18 Actual \$m	2018-19 Revised Estimate \$m	2019-20 Estimate \$m	Increase/Decrease over 2018-19 Revised Estimate	
				in Nominal Terms %	in Real Terms %
<b>Education</b>	80,233	85,504	<b>90,584</b>	<b>5.9</b>	<b>5.3</b>
<b>Social Welfare</b>	65,349	80,140	<b>84,295</b>	<b>5.2</b>	<b>3.3</b>
<b>Health</b>	62,616	72,706	<b>80,602</b>	<b>10.9</b>	<b>10.0</b>
<b>Security</b>	40,864	44,197	<b>48,068</b>	<b>8.8</b>	<b>8.1</b>
<b>Infrastructure</b>	21,949	24,080	<b>28,174</b>	<b>17.0</b>	<b>15.8</b>
<b>Environment and Food</b>	15,335	16,930	<b>19,263</b>	<b>13.8</b>	<b>12.1</b>
<b>Economic</b>	15,498	17,583	<b>19,415</b>	<b>10.4</b>	<b>8.6</b>
<b>Housing</b>	14,109	15,175	<b>16,458</b>	<b>8.5</b>	<b>5.8</b>
<b>Community and External Affairs</b>	12,552	13,301	<b>14,641</b>	<b>10.1</b>	<b>8.4</b>
<b>Support</b>	51,333	55,221	<b>61,344</b>	<b>11.1</b>	<b>8.5</b>
	<u>379,838</u>	<u>424,837</u>	<u><b>462,844</b></u>	<b>8.9</b>	<b>7.6</b>
<b>GDP growth in 2019</b>				<b>4.5% to 5.5%</b>	<b>2% to 3%</b>

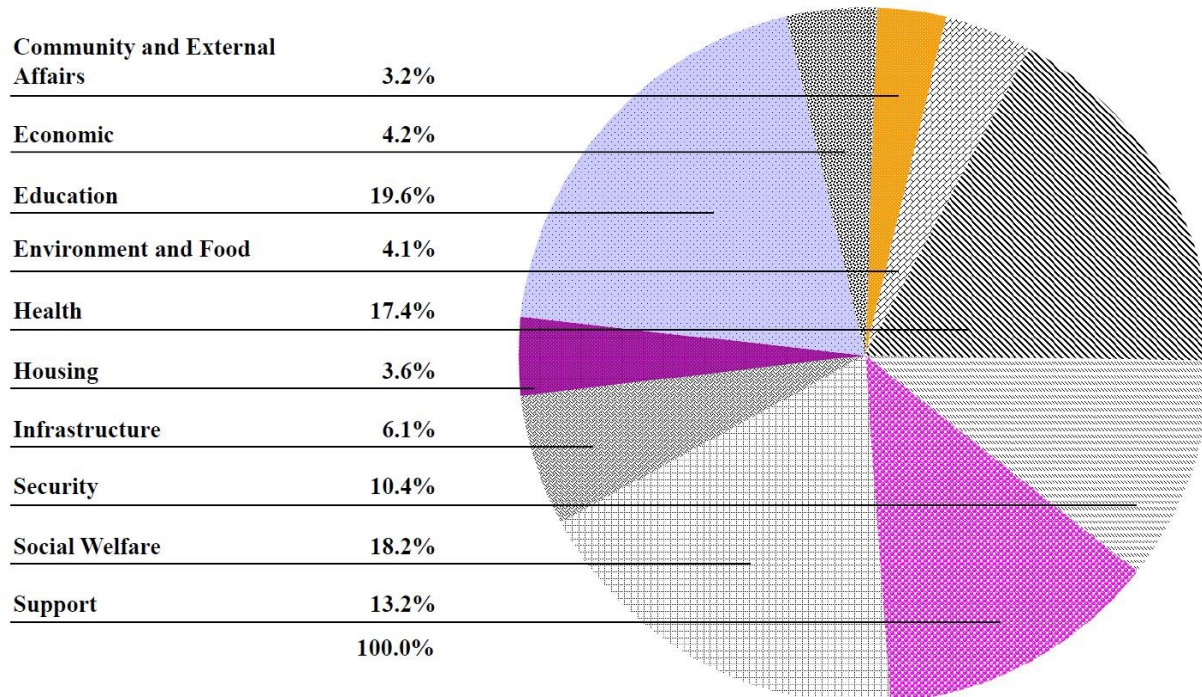


**SECTION II RECURRENT PUBLIC/GOVERNMENT EXPENDITURE  
BY POLICY AREA GROUP**

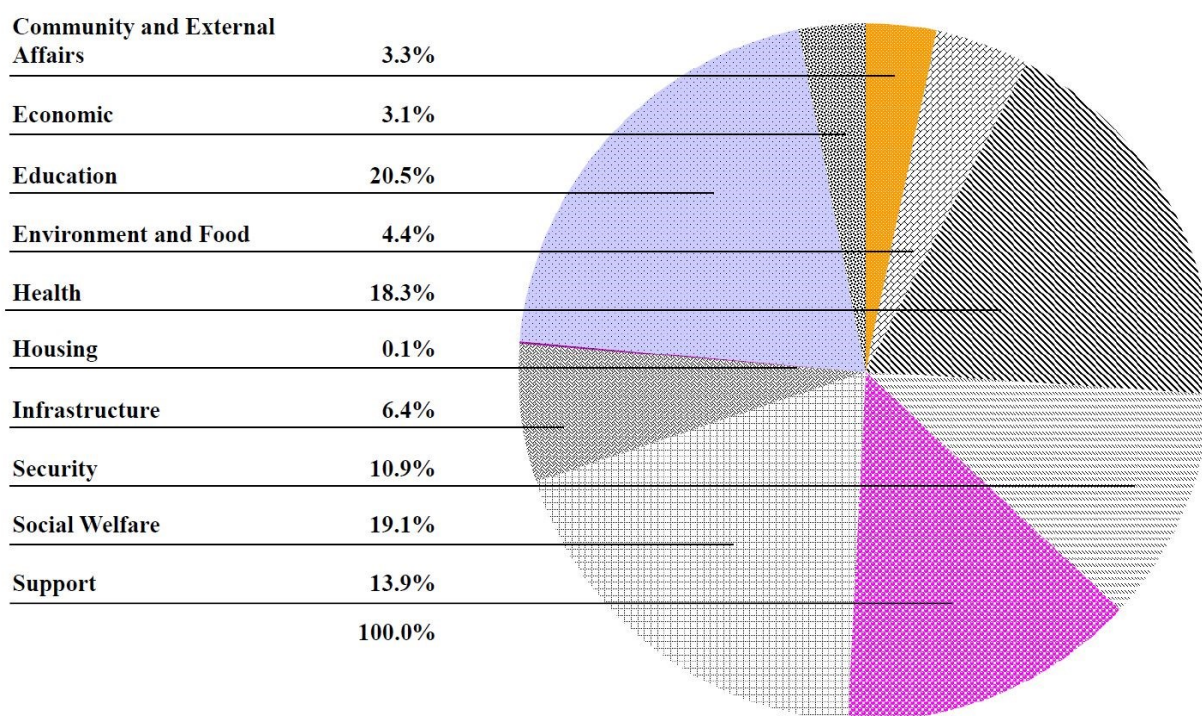
**Recurrent Government Expenditure : Year-on-Year Change**

	2017-18 Actual \$m	2018-19 Revised Estimate \$m	2019-20 Estimate \$m	Increase/Decrease over 2018-19 Revised Estimate	
				in Nominal Terms %	in Real Terms %
<b>Education</b>	80,233	85,504	<b>90,584</b>	<b>5.9</b>	<b>5.3</b>
<b>Social Welfare</b>	65,349	80,140	<b>84,295</b>	<b>5.2</b>	<b>3.3</b>
<b>Health</b>	62,616	72,706	<b>80,602</b>	<b>10.9</b>	<b>10.0</b>
<b>Security</b>	40,864	44,197	<b>48,068</b>	<b>8.8</b>	<b>8.1</b>
<b>Infrastructure</b>	21,756	23,855	<b>27,926</b>	<b>17.1</b>	<b>15.8</b>
<b>Environment and Food</b>	15,335	16,930	<b>19,263</b>	<b>13.8</b>	<b>12.1</b>
<b>Economic</b>	11,382	12,467	<b>13,707</b>	<b>9.9</b>	<b>8.8</b>
<b>Housing</b>	392	425	<b>559</b>	<b>31.5</b>	<b>31.3</b>
<b>Community and External Affairs</b>	12,552	13,301	<b>14,641</b>	<b>10.1</b>	<b>8.4</b>
<b>Support</b>	51,333	55,221	<b>61,344</b>	<b>11.1</b>	<b>8.5</b>
	<u>361,812</u>	<u>404,746</u>	<u><b>440,989</b></u>	<b>9.0</b>	<b>7.6</b>
<b>GDP growth in 2019</b>				<b>4.5% to 5.5%</b>	<b>2% to 3%</b>

**Percentage Share of Expenditure by Policy Area Group  
 Recurrent Public Expenditure : 2019-20 Estimate**



**Percentage Share of Expenditure by Policy Area Group  
 Recurrent Government Expenditure : 2019-20 Estimate**



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

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

	2017-18 Actual \$m	2018-19 Revised Estimate \$m	2019-20 Estimate \$m	Increase/Decrease over 2018-19 Revised Estimate in Nominal Terms %	in Real Terms %
<b>Education</b>	88,465	110,526	123,975	12.2	9.5
<b>Social Welfare</b>	70,316	90,769	97,219	7.1	3.2
<b>Health</b>	71,095	78,285	88,605	13.2	10.2
<b>Security</b>	45,833	50,431	56,849	12.7	9.9
<b>Infrastructure</b>	86,291	76,955	79,337	3.1	-1.0
<b>Environment and Food</b>	21,586	24,806	33,471	34.9	30.0
<b>Economic</b>	20,585	27,192	44,436	63.4	58.9
<b>Housing</b>	32,780	32,679	33,055	1.2	-2.5
<b>Community and External Affairs</b>	16,343	25,021	22,729	-9.2	-12.5
<b>Support</b>	54,280	58,781	66,720	13.5	9.0
	<u>507,574</u>	<u>575,445</u>	<u>646,396</u>	12.3	8.8

**GDP growth in 2019**

**4.5% to 5.5%    2% to 3%**

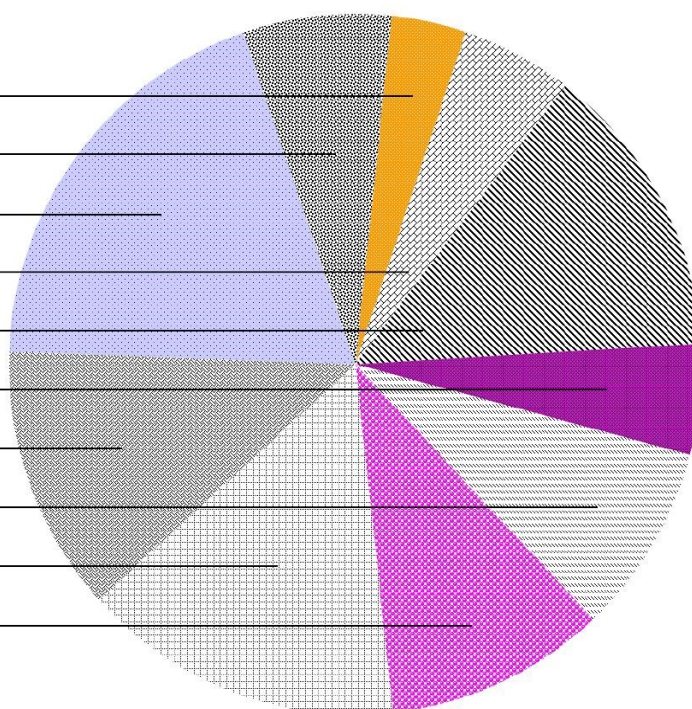
**SECTION III TOTAL PUBLIC/GOVERNMENT EXPENDITURE  
BY POLICY AREA GROUP**

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

	2017-18 Actual \$m	2018-19 Revised Estimate \$m	2019-20 Estimate \$m	Increase/Decrease over 2018-19 Revised Estimate in Nominal Terms %	in Real Terms %
<b>Education</b>	88,465	110,526	123,975	12.2	9.5
<b>Social Welfare</b>	70,316	90,769	97,219	7.1	3.2
<b>Health</b>	71,095	78,285	88,605	13.2	10.2
<b>Security</b>	45,833	50,431	56,849	12.7	9.9
<b>Infrastructure</b>	86,088	76,708	79,039	3.0	-1.1
<b>Environment and Food</b>	21,586	24,806	33,471	34.9	30.0
<b>Economic</b>	16,364	21,880	38,437	75.7	70.9
<b>Housing</b>	493	546	714	30.8	27.4
<b>Community and External Affairs</b>	16,343	25,021	22,729	-9.2	-12.5
<b>Support</b>	54,280	58,781	66,720	13.5	9.0
	<u>470,863</u>	<u>537,753</u>	<u>607,758</u>	13.0	9.5
<b>GDP growth in 2019</b>				4.5% to 5.5%	2% to 3%

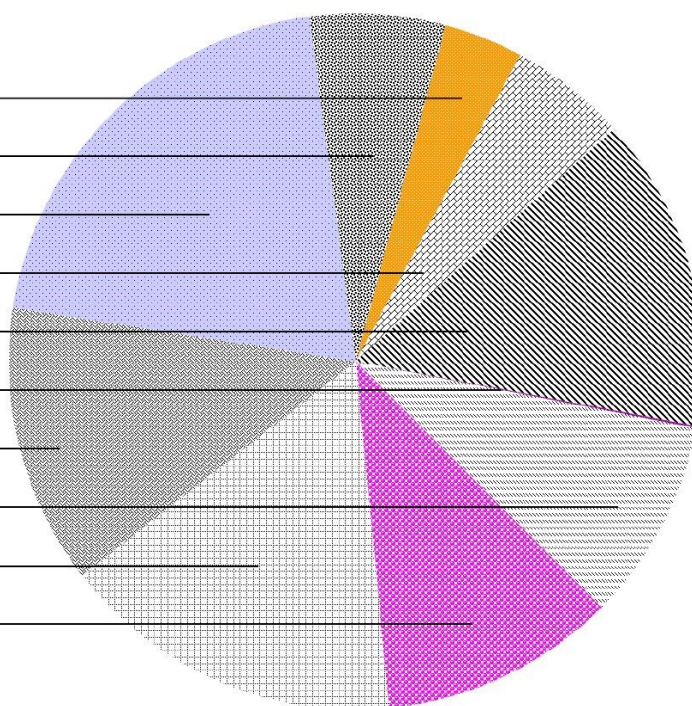
**Percentage Share of Expenditure by Policy Area Group  
Total Public Expenditure : 2019-20 Estimate**

Community and External Affairs	3.5%
Economic	6.9%
Education	19.2%
Environment and Food	5.2%
Health	13.7%
Housing	5.1%
Infrastructure	12.3%
Security	8.8%
Social Welfare	15.0%
Support	10.3%
	<b>100.0%</b>



**Percentage Share of Expenditure by Policy Area Group  
Total Government Expenditure : 2019-20 Estimate**

Community and External Affairs	3.7%
Economic	6.3%
Education	20.4%
Environment and Food	5.5%
Health	14.6%
Housing	0.1%
Infrastructure	13.0%
Security	9.4%
Social Welfare	16.0%
Support	11.0%
	<b>100.0%</b>



**SECTION IV MAJOR CAPITAL PROJECTS PLANNED FOR COMMENCEMENT IN 2019-20**

Major capital projects estimated to begin in 2019-20 include –

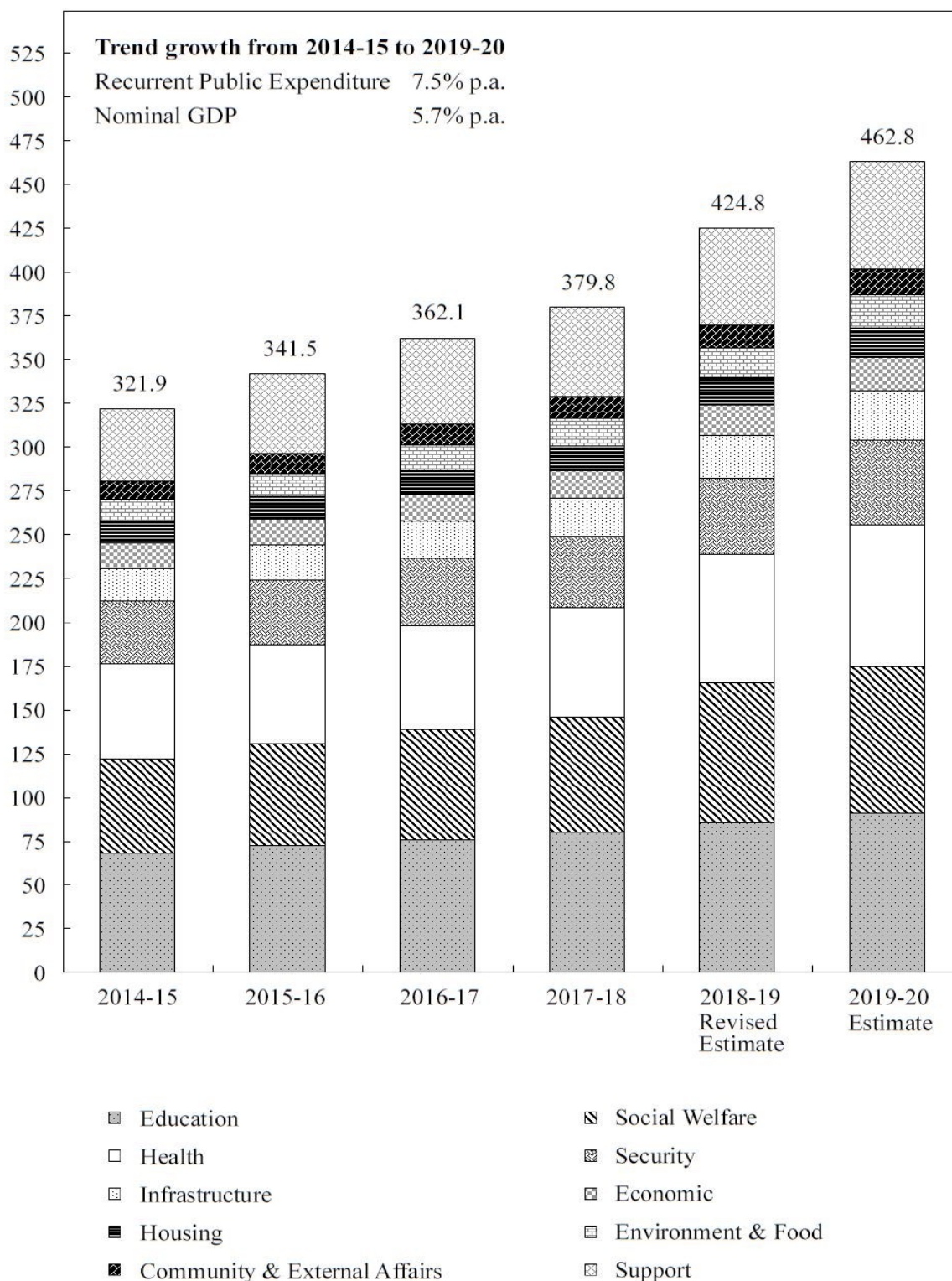
	<b>Project Estimates \$ billion</b>
<b>Infrastructure</b>	<b>89.2</b>
— Revitalization of Tsui Ping River	
— Rehabilitation of underground stormwater drains stage 2	
— Provision of an Additional District Cooling System at the Kai Tak Development	
— Studies related to Artificial Islands in the Central Waters	
— Elevated pedestrian corridor in Yuen Long Town connecting with Long Ping Station	
— Kai Tak Development – stage 5B infrastructure works at the former north apron area	
— Advance site formation and engineering infrastructure works at Kwu Tung North new development area and Fanling North new development area	
— First stage of site formation and engineering infrastructure at Kwu Tung North new development area and Fanling North new development area	
— Integrated Basement for West Kowloon Cultural District—remaining works	
— Site formation and infrastructure works for Police facilities in Kong Nga Po	
— Remaining phase of site formation and engineering infrastructure works at Kwu Tung North new development area and Fanling North new development area—detailed design and site investigation	
— Trunk Road T2 and Cha Kwo Ling tunnel—construction	
— Implementation of Water Intelligent Network, remaining works	
— In-situ reprovisioning of Sha Tin water treatment works (South Works)—main works	
— Reprovisioning of Harcourt Road fresh water pumping station	
— Design and construction for first stage of desalination plant at Tseung Kwan O—main works	
— Improvement to Dongjiang Water Mains P4 at Sheung Shui and Fanling	
— Site formation and infrastructure works for public housing development at Wang Chau, Yuen Long	
— Site formation and infrastructure works for public housing development at Ka Wai Man Road and Ex-Mount Davis Cottage Area, Kennedy Town	
— Transport infrastructure works for development at Diamond Hill	
<b>Environment and Food</b>	<b>28.4</b>
— Tolo Harbour sewerage of unsewered areas, stage 2, phase 2	
— Port Shelter sewerage, stage 2, package 3	
— Port Shelter sewerage, stage 3, package 2	
— Construction of San Shek Wan sewage treatment works, associated submarine outfall and Pui O sewerage works	
— Upgrading of Tuen Mun sewerage, phase 1, part 2	
— Outlying Islands sewerage, stage 2—upgrading of Cheung Chau sewage treatment and disposal facilities	
— Outlying Islands sewerage stage 2—Lamma village sewerage phase 2, package 2	
— Shek Wu Hui Effluent Polishing Plant	
— Upgrading of West Kowloon and Tsuen Wan sewerage—phase 2	
— Yuen Long Effluent Polishing Plant—stage 1	
<b>Health</b>	<b>12.4</b>
— Reprovisioning of Victoria Public Mortuary	
— Redevelopment of Kwai Chung Hospital, phases 2 and 3	
— Community health centre-cum-residential care home for the elderly at Tuen Mun Area 29 West	

	<b>Project Estimates \$ billion</b>
<b>Security</b>	<b>6.8</b>
— Immigration Headquarters in Tseung Kwan O	
<b>Economic</b>	<b>5.2</b>
— Provision of facilities and accommodation for various government departments to support the Three-Runway System at Hong Kong International Airport	
— Provision of Police facilities to support the Three-Runway System at Hong Kong International Airport	
<b>Education</b>	<b>4.4</b>
— First 30-classroom primary school at Queen's Hill, Fanling	
— Second 30-classroom primary school at Queen's Hill, Fanling	
— A 30-classroom primary school at Shui Chuen O, Sha Tin	
— A 30-classroom secondary school at Site KT2e, Development at Anderson Road, Kwun Tong	
— Redevelopment of No. 2 University Drive (Building 1)	
— Enhancement of facilities cum medical campus development, the University of Hong Kong	
— Library extension and revitalisation	
— Campus Expansion at Ho Man Tin Slope (The Hong Kong Polytechnic University)	
— Pre-construction works for development of new campus of Vocational Training Council (VTC) at Kowloon East (Cha Kwo Ling)	
<b>Community and External Affairs</b>	<b>1.0</b>
— District Library and Residential Care Home for the Elderly in the Joint User Complex at Lei King Road	
— Hoi Sham Park Extension, To Kwa Wan	

**SECTION V TRENDS IN PUBLIC EXPENDITURE : 2014-15 TO 2019-20**

**Recurrent Public Expenditure by Policy Area Group**

(\$billion)

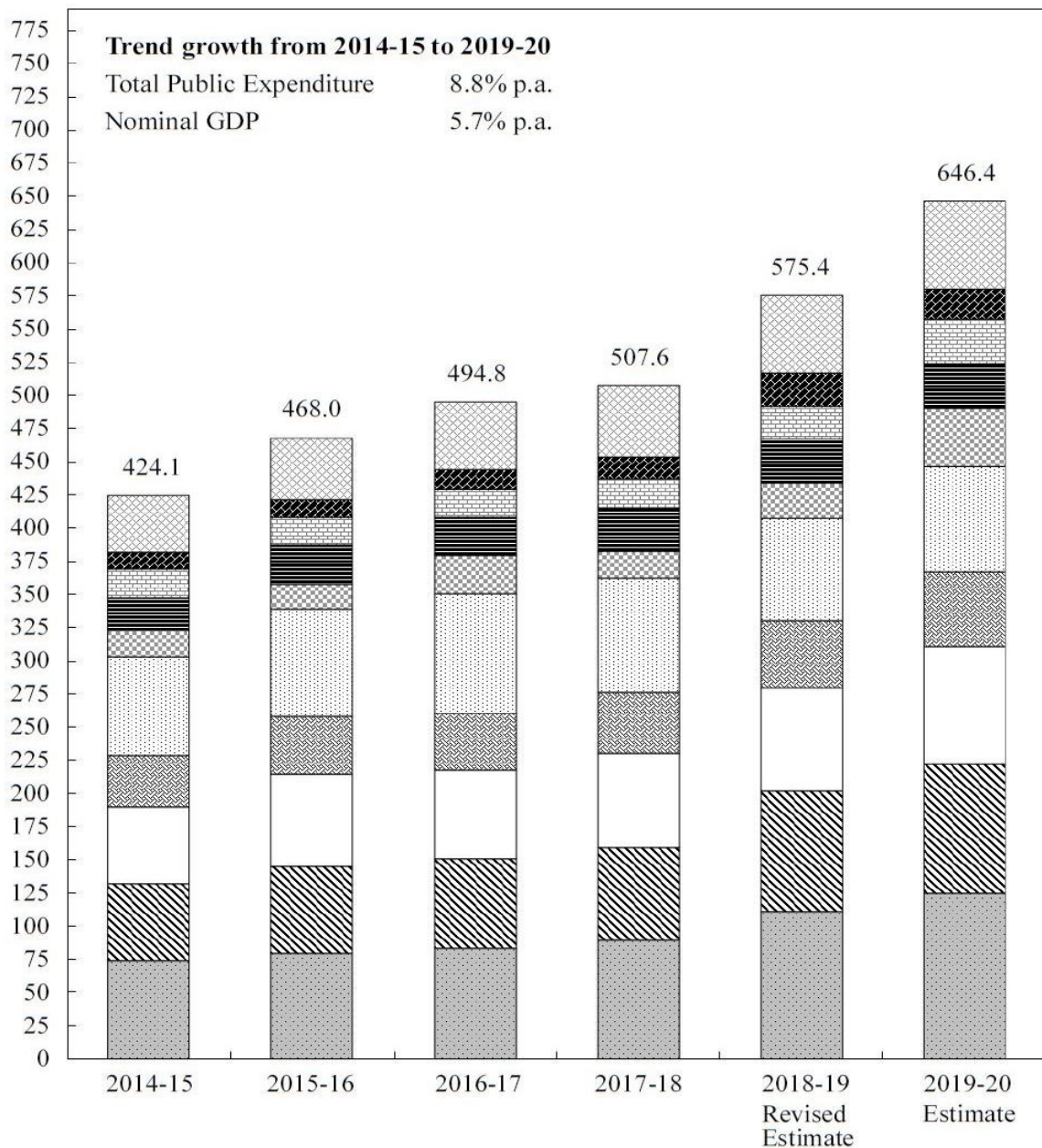




**SECTION V TRENDS IN PUBLIC EXPENDITURE : 2014-15 TO 2019-20**

**Total Public Expenditure by Policy Area Group**

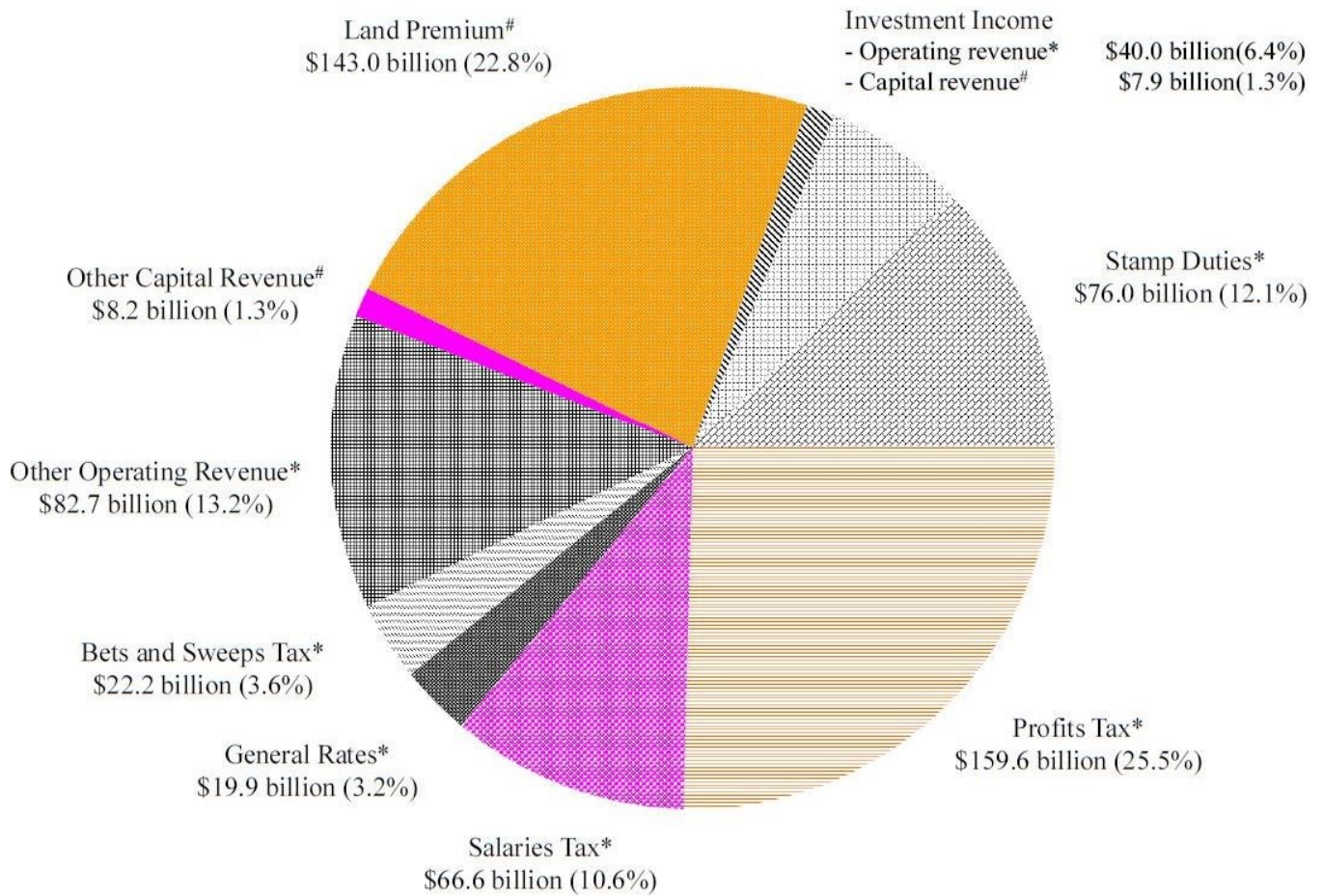
(\$billion)



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

**SECTION VI ANALYSIS OF GOVERNMENT REVENUE**

**2019-20 Estimate (\$626.1 billion)**



	2019-20 Estimate	% Share of Government Revenue	% of GDP
* Operating Revenue	\$467.0 billion	74.6%	15.7%
# Capital Revenue	\$159.1 billion	25.4%	5.3%
<b>Total</b>	<b>\$626.1 billion</b>	<b>100%</b>	<b>21.0%</b>

## 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 2019-20 Estimates. The index further provides details, by head of expenditure, of individual programmes which contribute to a policy area.

