

APPENDIX B

ANALYSIS OF PUBLIC/GOVERNMENT EXPENDITURE

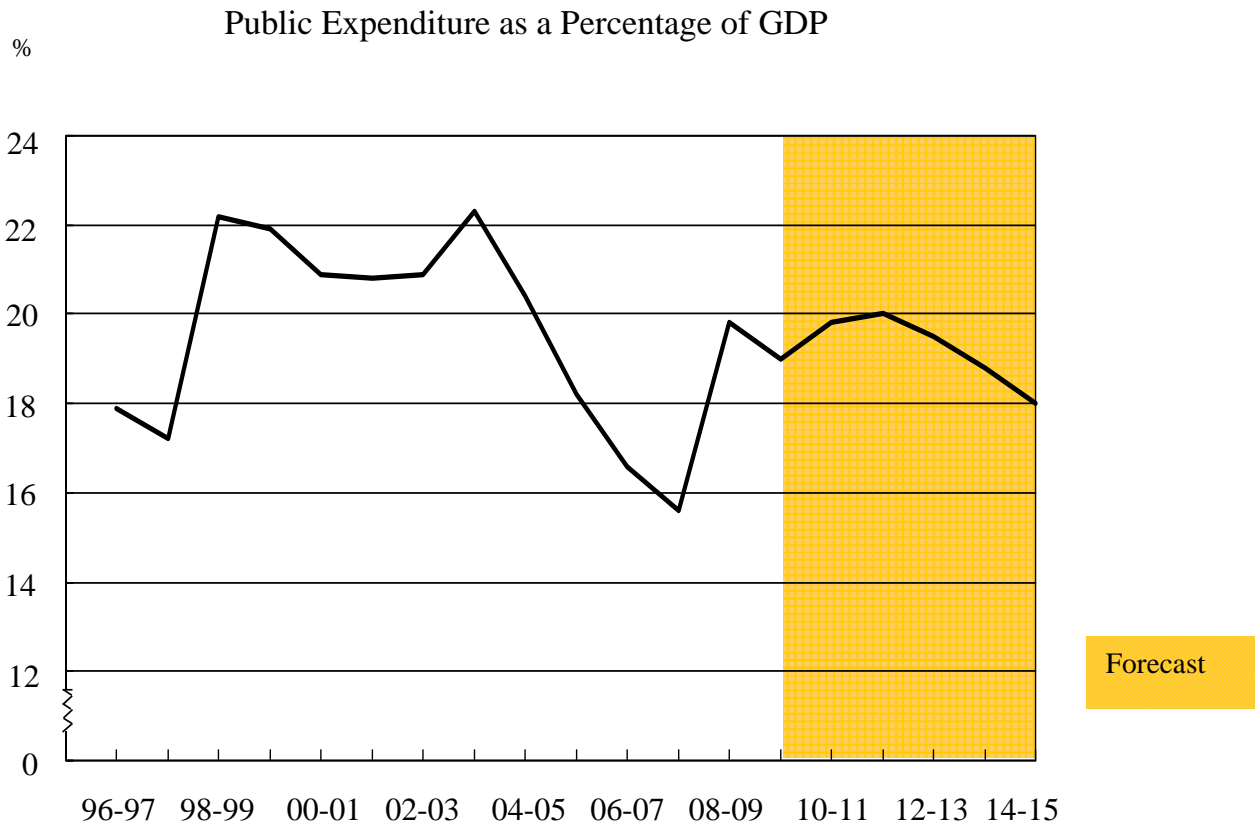
2005–06 TO 2010–11

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SECTION I – THE ESTIMATES IN THE CONTEXT OF THE ECONOMY

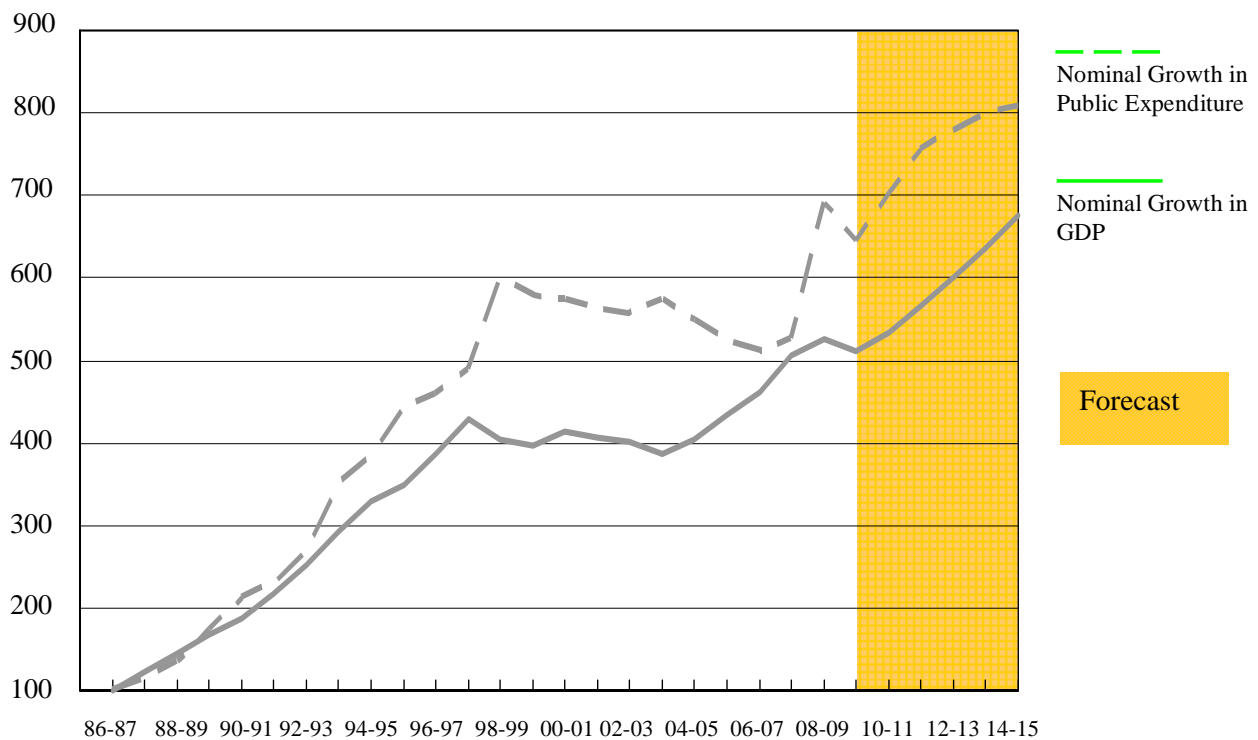
Relationship between Government Expenditure and Public Expenditure in 2010–11 and GDP

	2010–11 Estimate \$m
General Revenue Account	
Operating	251,400
Capital	4,152
	<hr/> 255,552
Capital Investment Fund	1,823
Capital Works Reserve Fund	55,520
Innovation and Technology Fund	970
Loan Fund	2,290
Lotteries Fund	1,054
	<hr/> 317,209
Government Expenditure	
Trading Funds	3,828
Housing Authority	16,732
	<hr/> 337,769
Public Expenditure	
	<hr/>
GDP	1,707,044
Public Expenditure as a % of GDP	19.8%



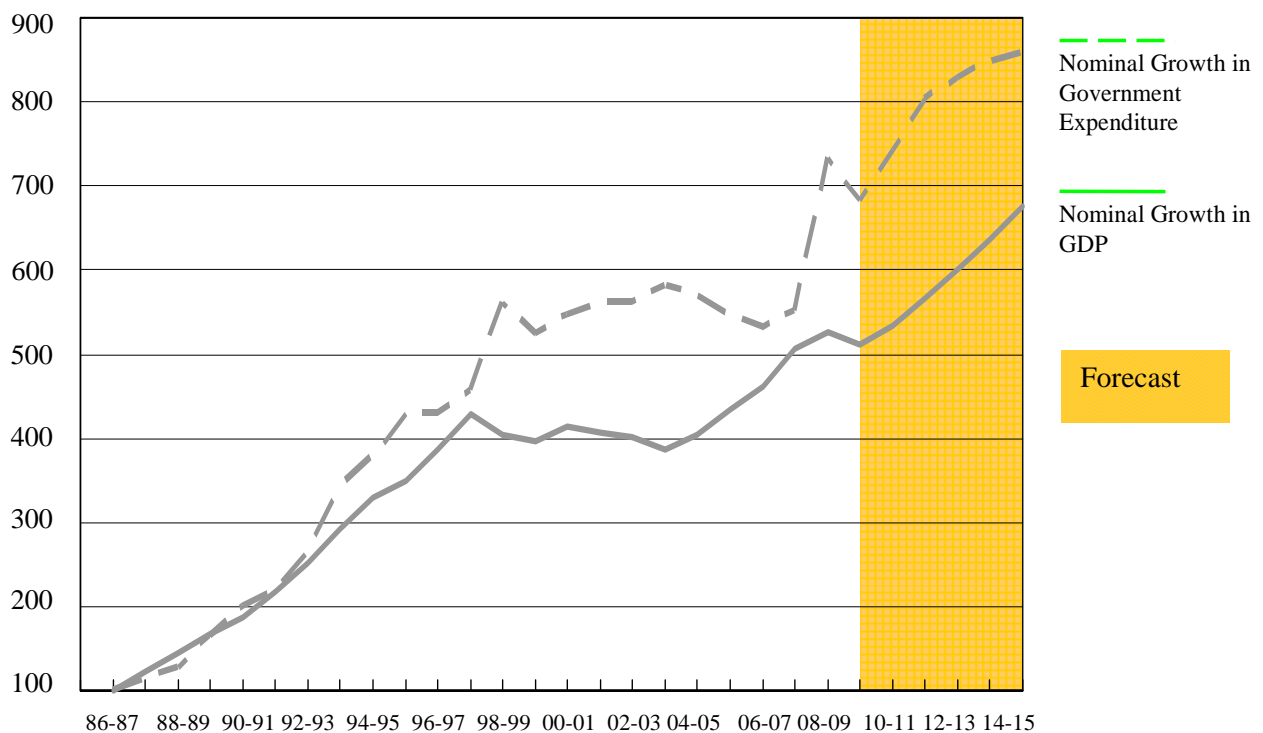
Comparison of Cumulative Growth in Public Expenditure with Cumulative Growth in GDP since the Introduction of Medium Range Forecast

Index (86-87 = 100)



Comparison of Cumulative Growth in Government Expenditure with Cumulative Growth in GDP since the Introduction of Medium Range Forecast

Index (86-87 = 100)



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

Recurrent Public Expenditure : Year-on-Year Change

	2009–10 Original Estimate \$m	2009–10 Revised Estimate \$m	2010–11 Estimate \$m	Increase/Decrease over 2009–10 Revised Estimate in Nominal Terms %	in Real Terms %
Education	53,817	51,260	52,159	1.8	2.6
Social Welfare (Note)	39,259	39,688	39,687	0.0	0.2
Health	35,692	35,356	36,923	4.4	5.4
Security	26,847	26,856	27,968	4.1	5.1
Infrastructure	15,425	15,182	15,565	2.5	1.8
Economic	11,246	10,934	11,137	1.9	2.2
Housing	10,370	10,043	10,402	3.6	2.8
Environment and Food	10,345	9,820	10,274	4.6	5.2
Community and External Affairs	8,060	7,951	8,136	2.3	2.8
Support	30,377	28,591	31,210	9.2	9.1
	<u>241,438</u>	<u>235,681</u>	<u>243,461</u>	3.3	3.8

Note –

To give a better picture of the long term trend of recurrent expenditure on social welfare, one-off additional payments to recipients under Comprehensive Social Security Assistance and Social Security Allowance Schemes will be provided for under non-recurrent expenditure from 2010-11. If such payments were to be excluded also from the 2009-10 revised estimate to provide a like-to-like comparison, the 2010-11 estimate would be 4.6% and 4.8% higher in nominal and real terms respectively.

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

Recurrent Government Expenditure : Year-on-Year Change

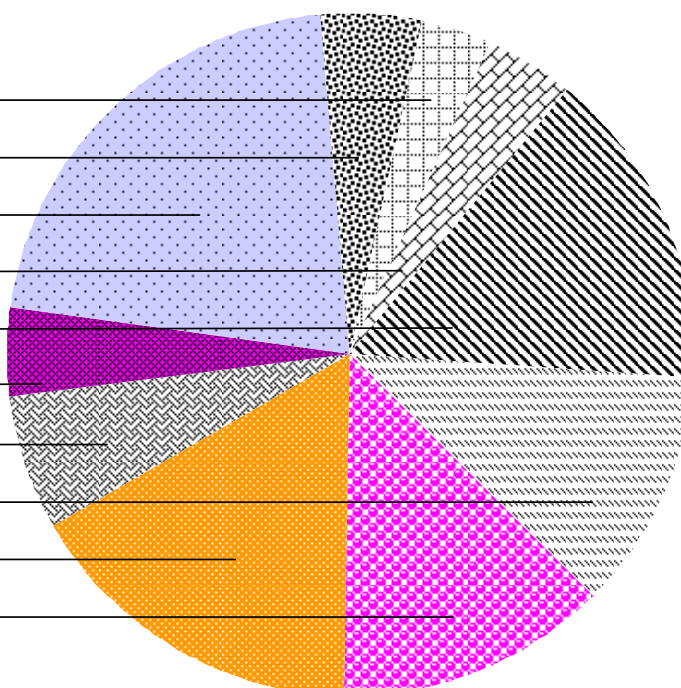
	2009–10 Original Estimate \$m	2009–10 Revised Estimate \$m	2010–11 Estimate \$m	Increase/Decrease over 2009–10 Revised Estimate	
				in Nominal Terms %	in Real Terms %
Education	53,817	51,260	52,159	1.8	2.6
Social Welfare (Note)	39,259	39,688	39,687	0.0	0.2
Health	35,692	35,356	36,923	4.4	5.4
Security	26,847	26,856	27,968	4.1	5.1
Infrastructure	15,211	14,985	15,377	2.6	1.9
Economic	7,797	7,589	7,716	1.7	2.4
Housing	198	193	195	0.9	2.1
Environment and Food	10,345	9,820	10,274	4.6	5.2
Community and External Affairs	8,060	7,951	8,136	2.3	2.8
Support	30,377	28,591	31,210	9.2	9.1
	<u>227,603</u>	<u>222,289</u>	<u>229,645</u>	3.3	3.8

Note –

To give a better picture of the long term trend of recurrent expenditure on social welfare, one-off additional payments to recipients under Comprehensive Social Security Assistance and Social Security Allowance Schemes will be provided for under non-recurrent expenditure from 2010-11. If such payments were to be excluded also from the 2009-10 revised estimate to provide a like-to-like comparison, the 2010-11 estimate would be 4.6% and 4.8% higher in nominal and real terms respectively.

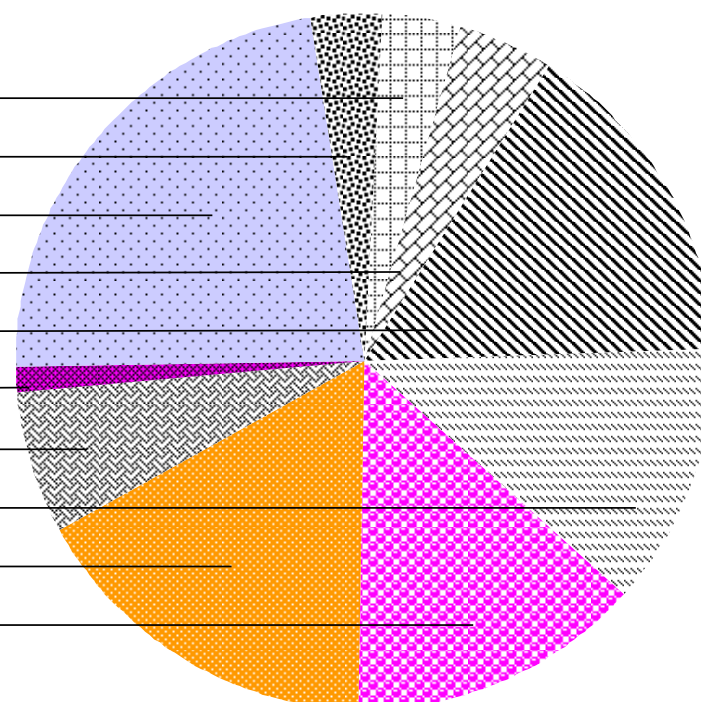
**Percentage Share of Expenditure by Policy Area Group
 Recurrent Public Expenditure : 2010-11 Estimate**

Community and External Affairs	3.3%
Economic	4.6%
Education	21.4%
Environment and Food	4.2%
Health	15.2%
Housing	4.3%
Infrastructure	6.4%
Security	11.5%
Social Welfare	16.3%
Support	12.8%
	100.0%



**Percentage Share of Expenditure by Policy Area Group
 Recurrent Government Expenditure : 2010-11 Estimate**

Community and External Affairs	3.5%
Economic	3.3%
Education	22.7%
Environment and Food	4.5%
Health	16.1%
Housing	0.1%
Infrastructure	6.7%
Security	12.2%
Social Welfare	17.3%
Support	13.6%
	100.0%



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

Total Public Expenditure : Year-on-Year Change

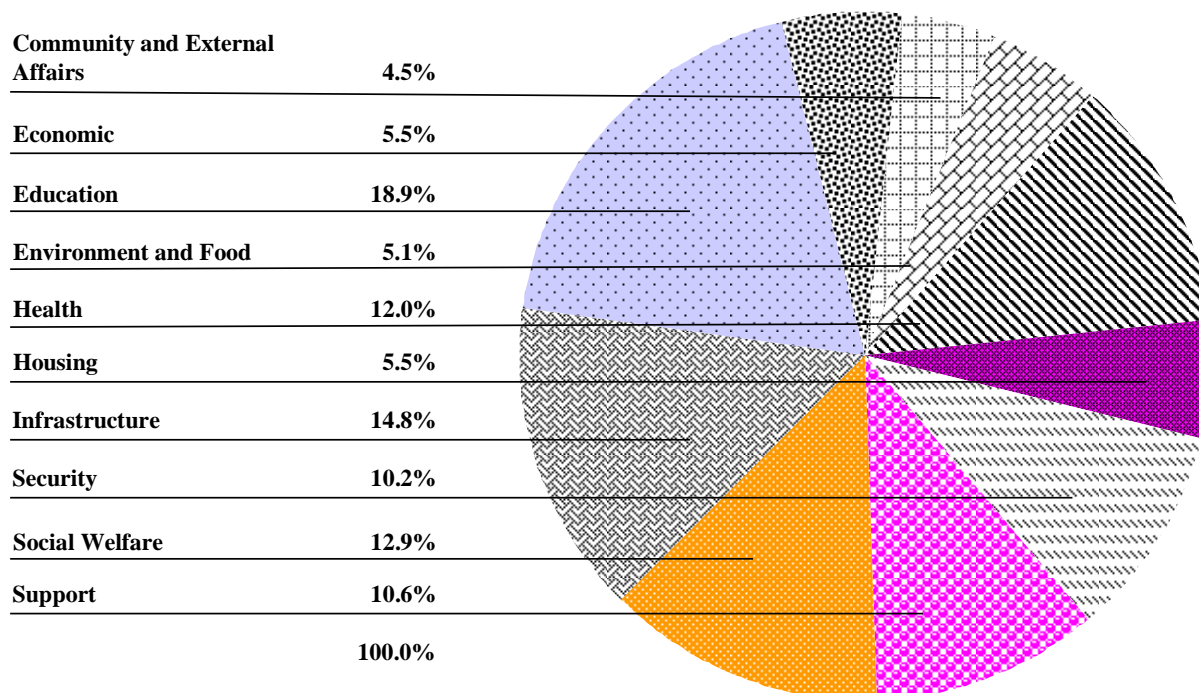
	2009–10 Original Estimate \$m	2009–10 Revised Estimate \$m	2010–11 Estimate \$m	Increase/Decrease over 2009–10 Revised Estimate	
				in Nominal Terms %	in Real Terms %
Education	61,665	58,766	63,701	8.4	8.9
Social Welfare	41,608	40,958	43,495	6.2	6.3
Health	38,420	38,655	40,501	4.8	5.5
Security	30,625	29,812	34,405	15.4	16.1
Infrastructure	44,390	47,409	49,986	5.4	3.3
Economic	20,680	18,828	18,434	-2.1	-2.1
Housing	18,004	17,322	18,768	8.3	6.8
Environment and Food	14,121	13,619	17,417	27.9	27.0
Community and External Affairs	14,248	14,144	15,118	6.9	6.5
Support	35,978	30,767	35,944	16.8	16.5
	<u>319,739</u>	<u>310,280</u>	<u>337,769</u>	8.9	8.6

SECTION III – ANALYSIS OF TOTAL PUBLIC/GOVERNMENT EXPENDITURE BY POLICY AREA GROUP

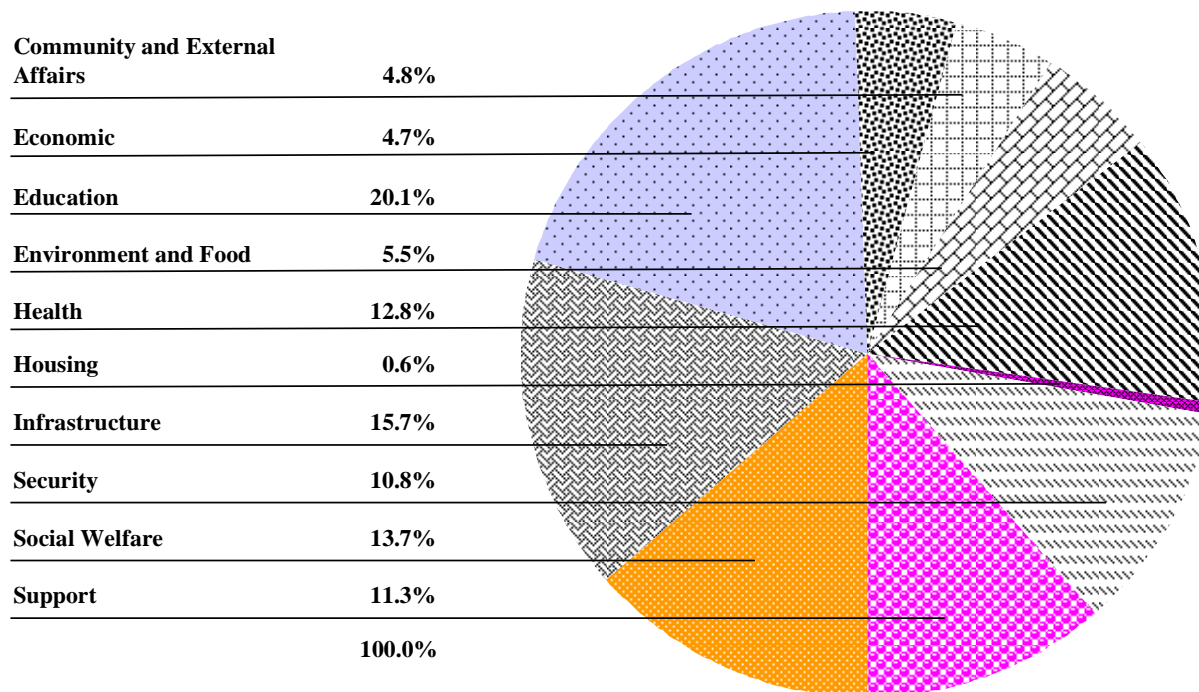
Total Government Expenditure : Year-on-Year Change

	2009–10 Original Estimate \$m	2009–10 Revised Estimate \$m	2010–11 Estimate \$m	Increase/Decrease over 2009–10 Revised Estimate in Nominal Terms %	in Real Terms %
Education	61,665	58,766	63,701	8.4	8.9
Social Welfare	41,608	40,958	43,495	6.2	6.3
Health	38,420	38,655	40,501	4.8	5.5
Security	30,625	29,812	34,405	15.4	16.1
Infrastructure	44,100	47,173	49,708	5.4	3.2
Economic	17,133	15,297	14,885	-2.7	-2.6
Housing	210	1,998	2,035	1.9	1.9
Environment and Food	14,121	13,619	17,417	27.9	27.0
Community and External Affairs	14,248	14,144	15,118	6.9	6.5
Support	35,978	30,767	35,944	16.8	16.5
	<u>298,108</u>	<u>291,189</u>	<u>317,209</u>	8.9	8.8

**Percentage Share of Expenditure by Policy Area Group
Total Public Expenditure : 2010-11 Estimate**



**Percentage Share of Expenditure by Policy Area Group
Total Government Expenditure : 2010-11 Estimate**



SECTION IV – MAJOR CAPITAL PROJECTS ESTIMATED TO BEGIN IN 2010–11

Major capital projects estimated to start in 2010–11 include –

	Project Estimates \$ million
Infrastructure	18,906
— Bus–bus interchanges on Tuen Mun Road	
— Hong Kong–Zhuhai–Macao Bridge Hong Kong boundary crossing facilities—reclamation and superstructures	
— Improvement works at Tai O, phase 1	
— Liantang/Heung Yuen Wai Boundary Control Point and associated works—village reprovisioning works	
— Public transport interchanges in Area 86, Tseung Kwan O	
— Reconstruction and rehabilitation of Kai Tak nullah from Po Kong Village Road to Tung Kwong Road—advance works	
— Revitalisation Scheme—Conversion of Lai Chi Kok Hospital into the Hong Kong Cultural Heritage	
— Revitalisation Scheme—Conversion of Lui Seng Chun into Hong Kong Baptist University Chinese Medicine and Healthcare Centre	
— Revitalisation Scheme—Conversion of Mei Ho House as City Hostel	
— Shatin to Central Link—construction of railway works—advance works	
— Tuen Mun–Chek Lap Kok Link and Tuen Mun Western Bypass—advance works	
Environment and Food	10,457
— District Cooling System at the Kai Tak development	
— Extension of Man Kam To food inspection facilities	
— Harbour Area Treatment Scheme, stage 2A—upgrading of Stonecutters Island sewage treatment works and preliminary treatment works	
— Reprovisioning of Cape Collinson Crematorium	
Economic	5,845
— Cruise terminal building and ancillary facilities for the Kai Tak cruise terminal development	
Community and External Affairs	2,146
— Construction of an annex building for Ko Shan Theatre	
— Cycle tracks connecting North West New Territories with North East New Territories—Sheung Shui to Ma On Shan section	
— Joint-user complex at Bailey Street, To Kwa Wan Reclamation	
— Public library and indoor recreation centre in Area 3, Yuen Long	
Security	326
— Additional courtrooms and associated facilities in the High Court Building	
— Construction of rank and file quarters for Immigration Department at Wo Yi Hop Road, Kwai Chung	
Education	260
— Special school in Area 16, Tuen Mun, for students with physical disability	

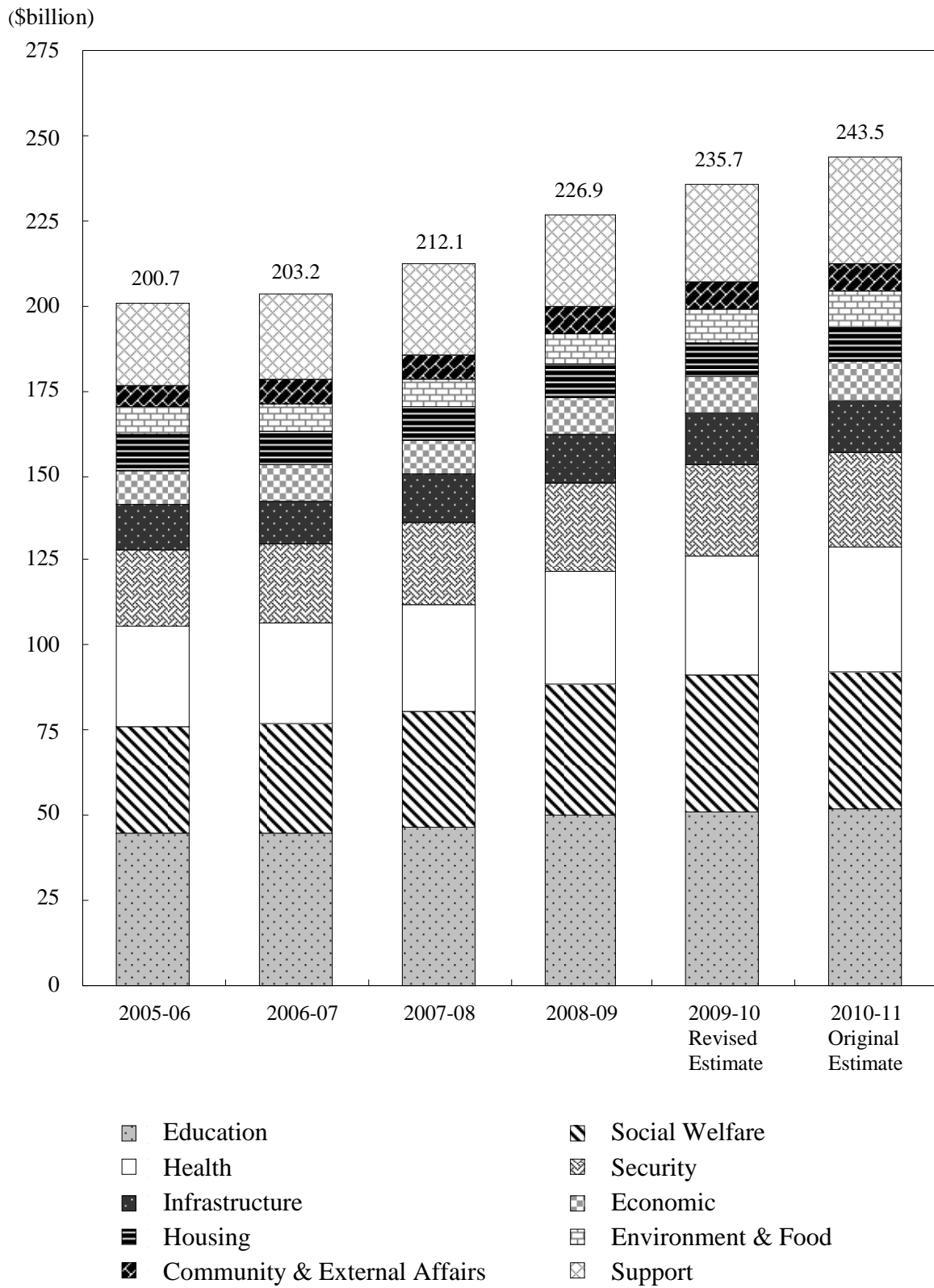
SECTION V – TRENDS IN PUBLIC EXPENDITURE : 2005–06 TO 2010–11

Introduction

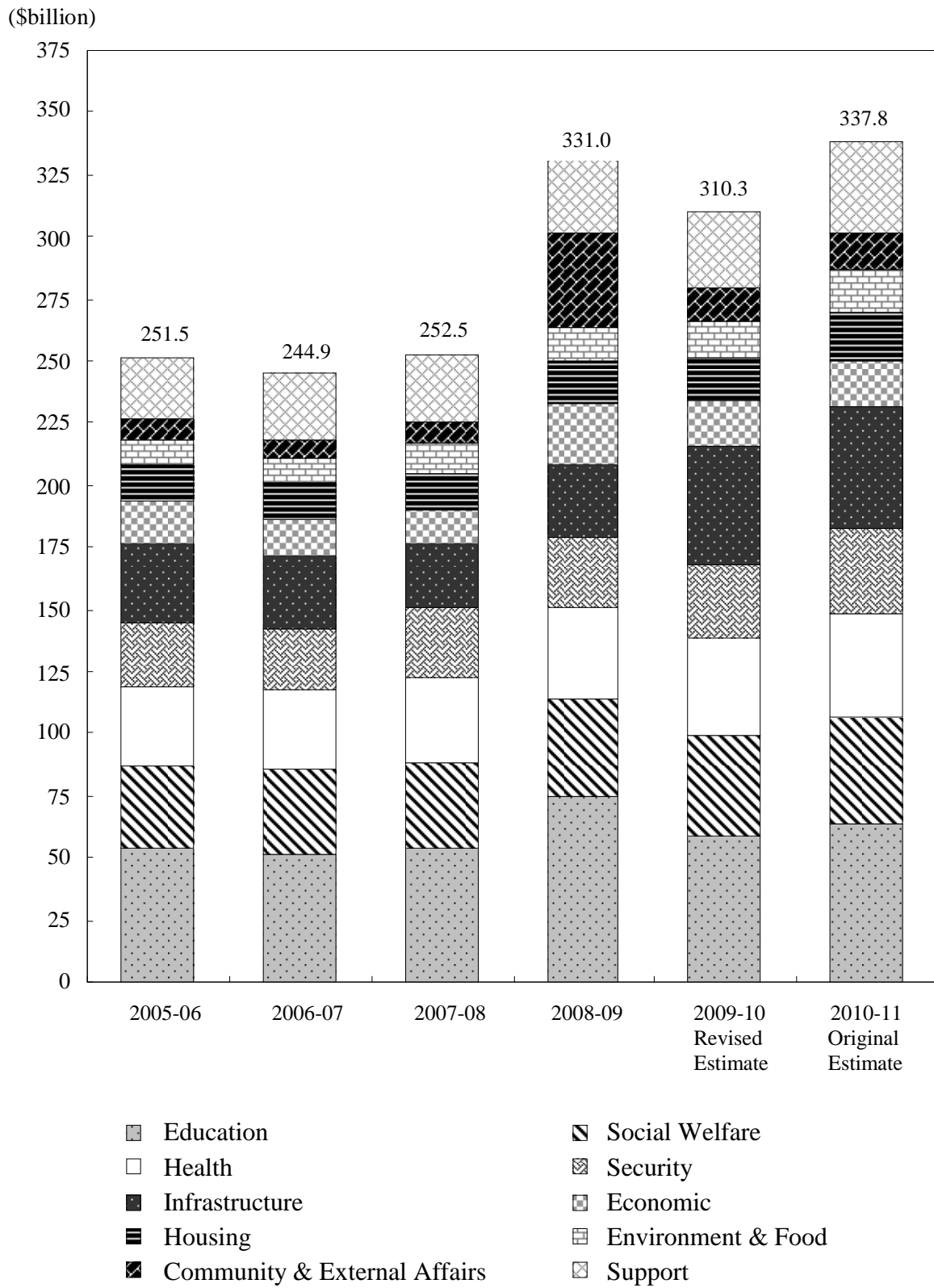
1 This section presents trends in public expenditure over the period 2005–06 to 2010–11. The analysis includes expenditure by the Government, the Trading Funds and the Housing Authority.

2 Details of individual heads of expenditure contributing to a particular policy area are provided in an index in Volume I of the 2010–11 Estimates. This index further provides details by head of expenditure of individual programmes which contribute to a policy area.

Recurrent Public Expenditure by Policy Area Group 2005-06 to 2010-11



Total Public Expenditure by Policy Area Group 2005-06 to 2010-11



SECTION VI – KEY TO CLASSIFICATION OF EXPENDITURE

Index of Policy Area Groups

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

Note: The Policy Area Reference corresponds with that used in the Index of Policy Areas in the Estimates of Expenditure.