

# **APPENDIX B**

## **ANALYSIS OF EXPENDITURE AND REVENUE**



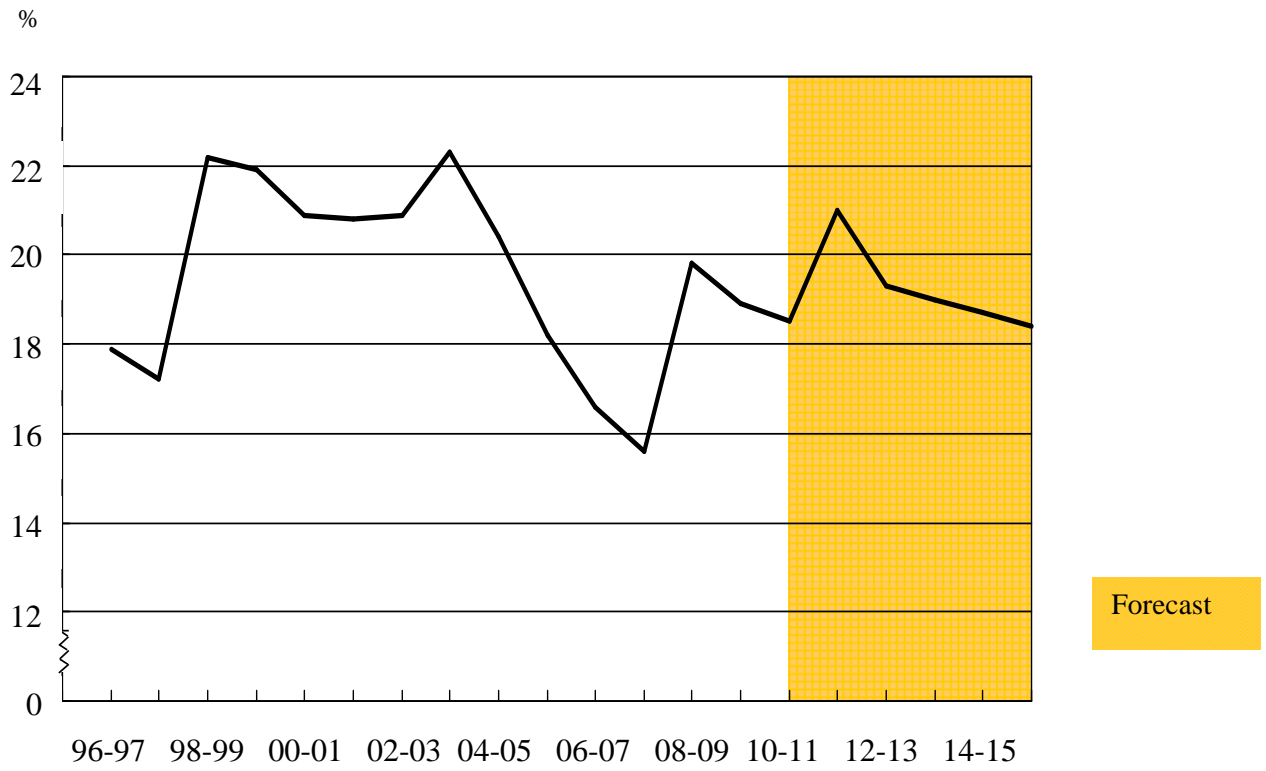
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## SECTION I THE ESTIMATES IN THE CONTEXT OF THE ECONOMY

## Relationship between Government Expenditure, Public Expenditure and GDP

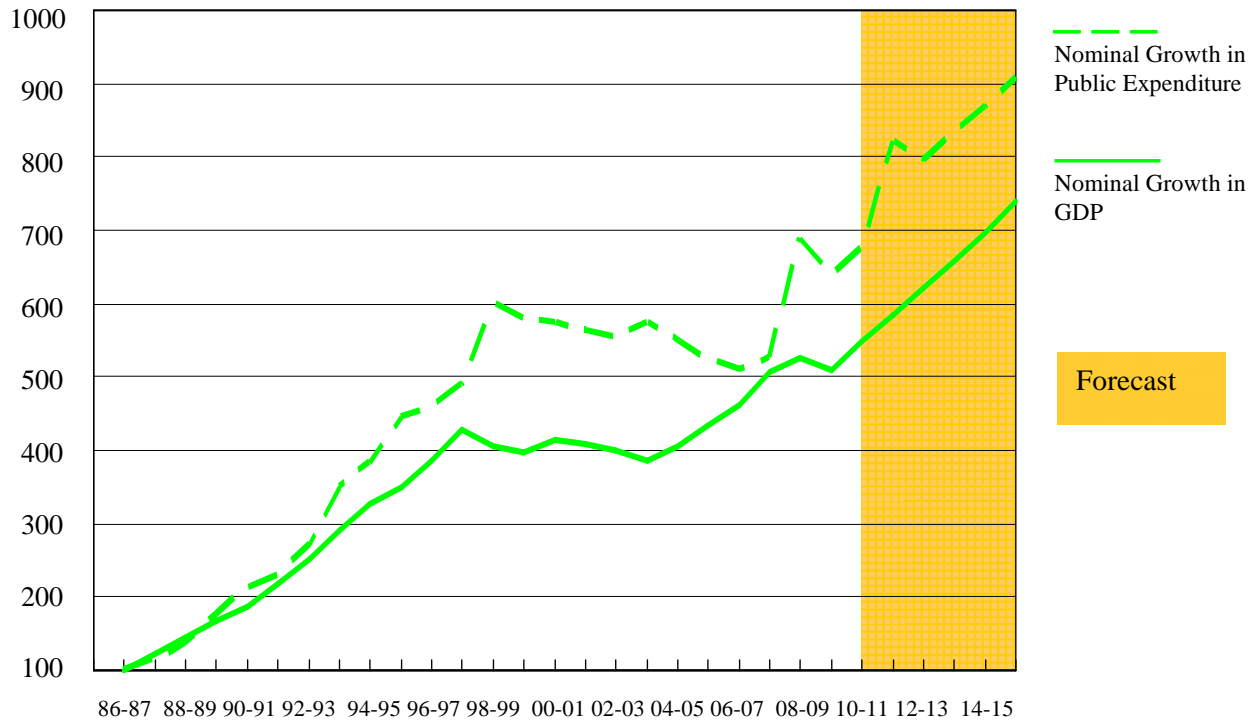
	<b>2011–12 Estimate \$m</b>
General Revenue Account	
Operating	298,000
Capital	3,809
	<hr/> 301,809
Capital Investment Fund	670
Capital Works Reserve Fund	63,878
Innovation and Technology Fund	864
Loan Fund	2,813
Lotteries Fund	1,082
	<hr/> 371,116
Government Expenditure	371,116
Trading Funds	4,609
Housing Authority	17,584
	<hr/> 393,309
Public Expenditure	393,309
	<hr/>
GDP	1,870,500
Public Expenditure in terms of percentage of GDP	21.0%

Public Expenditure in terms of Percentage of GDP



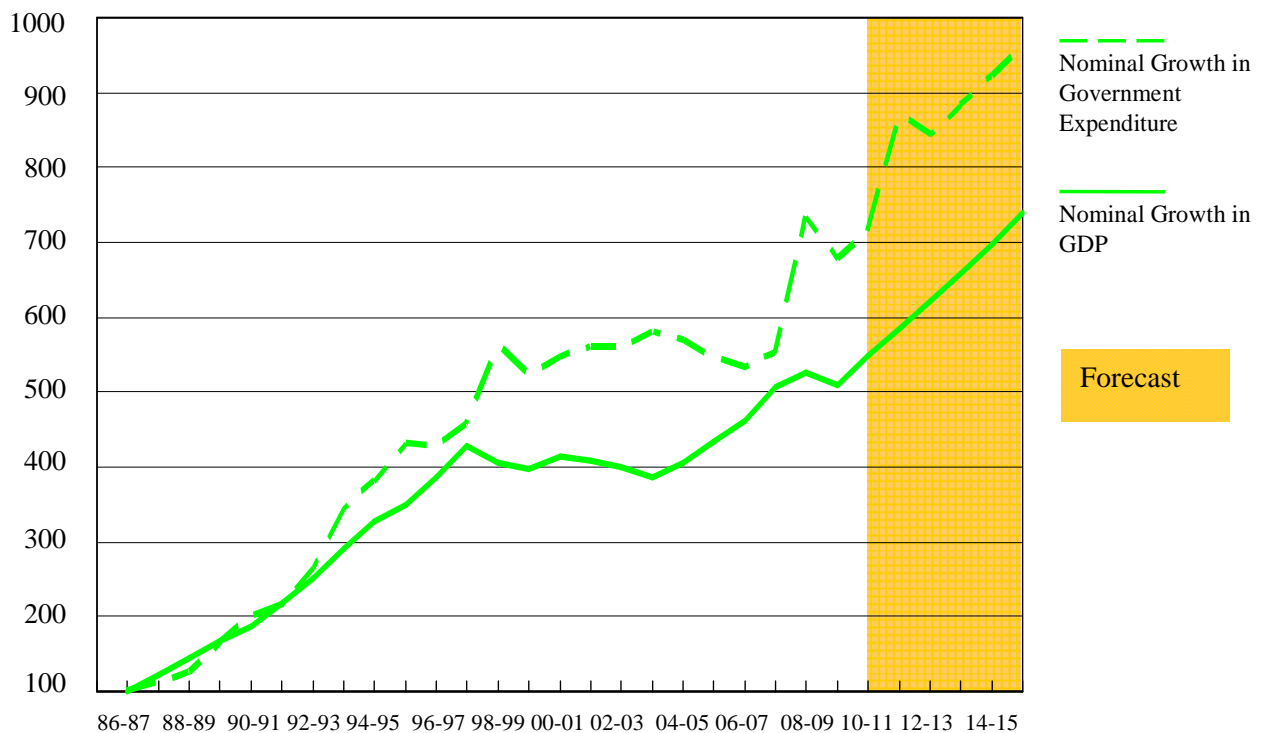
Comparison of Cumulative Growth in Public Expenditure  
with Cumulative Growth in GDP  
since the Introduction of Medium Range Forecast

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 Actual \$m	2010–11 Revised Estimate \$m	2011–12 Estimate \$m	Increase/Decrease over 2010–11 Revised Estimate	
				in Nominal Terms %	in Real Terms %
<b>Education</b>	50,831	51,432	<b>54,473</b>	<b>5.9</b>	<b>5.2</b>
<b>Social Welfare (Note)</b>	39,405	37,923	<b>42,170</b>	<b>11.2</b>	<b>8.9</b>
<b>Health</b>	35,333	36,732	<b>39,904</b>	<b>8.6</b>	<b>8.0</b>
<b>Security</b>	26,869	27,507	<b>28,433</b>	<b>3.4</b>	<b>2.9</b>
<b>Infrastructure</b>	15,153	15,430	<b>16,094</b>	<b>4.3</b>	<b>2.3</b>
<b>Economic</b>	11,208	11,437	<b>12,493</b>	<b>9.2</b>	<b>7.1</b>
<b>Housing</b>	9,429	10,215	<b>10,936</b>	<b>7.1</b>	<b>3.0</b>
<b>Environment and Food</b>	9,718	9,603	<b>10,498</b>	<b>9.3</b>	<b>7.8</b>
<b>Community and External Affairs</b>	7,852	8,088	<b>8,457</b>	<b>4.6</b>	<b>3.1</b>
<b>Support</b>	28,438	30,069	<b>33,841</b>	<b>12.5</b>	<b>10.9</b>
	<u>234,236</u>	<u>238,436</u>	<u><b>257,299</b></u>	<b>7.9</b>	<b>6.5</b>

*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 have been provided for under non-recurrent expenditure since 2010-11.

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

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

	2009–10 Actual \$m	2010–11 Revised Estimate \$m	2011–12 Estimate \$m	Increase/Decrease over 2010–11 Revised Estimate	
				in Nominal Terms %	in Real Terms %
<b>Education</b>	50,831	51,432	<b>54,473</b>	<b>5.9</b>	<b>5.2</b>
<b>Social Welfare (Note)</b>	39,405	37,923	<b>42,170</b>	<b>11.2</b>	<b>8.9</b>
<b>Health</b>	35,333	36,732	<b>39,904</b>	<b>8.6</b>	<b>8.0</b>
<b>Security</b>	26,869	27,507	<b>28,433</b>	<b>3.4</b>	<b>2.9</b>
<b>Infrastructure</b>	14,969	15,238	<b>15,876</b>	<b>4.2</b>	<b>2.3</b>
<b>Economic</b>	7,574	7,552	<b>8,279</b>	<b>9.6</b>	<b>8.5</b>
<b>Housing</b>	191	199	<b>213</b>	<b>7.0</b>	<b>6.8</b>
<b>Environment and Food</b>	9,718	9,603	<b>10,498</b>	<b>9.3</b>	<b>7.8</b>
<b>Community and External Affairs</b>	7,852	8,088	<b>8,457</b>	<b>4.6</b>	<b>3.1</b>
<b>Support</b>	28,438	30,069	<b>33,841</b>	<b>12.5</b>	<b>10.9</b>
	<u>221,180</u>	<u>224,343</u>	<u><b>242,144</b></u>	<b>7.9</b>	<b>6.7</b>

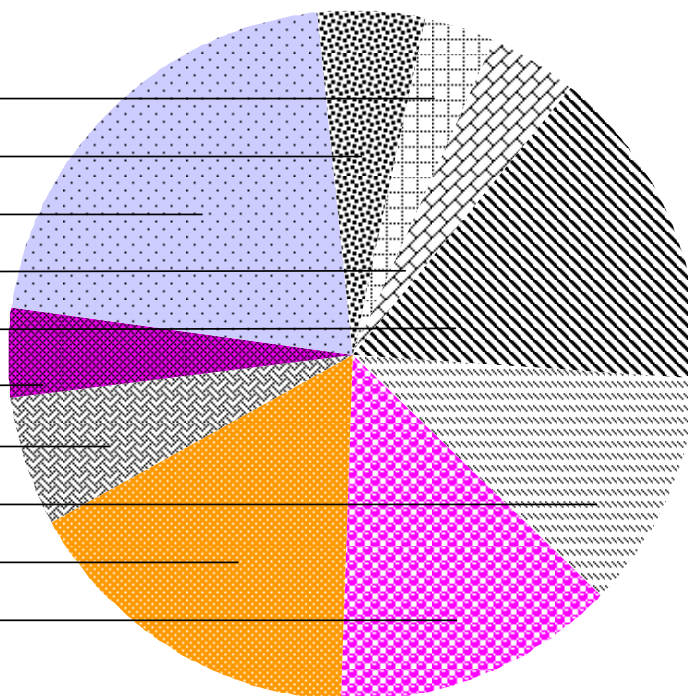
*Note –*

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 have been provided for under non-recurrent expenditure since 2010-11.



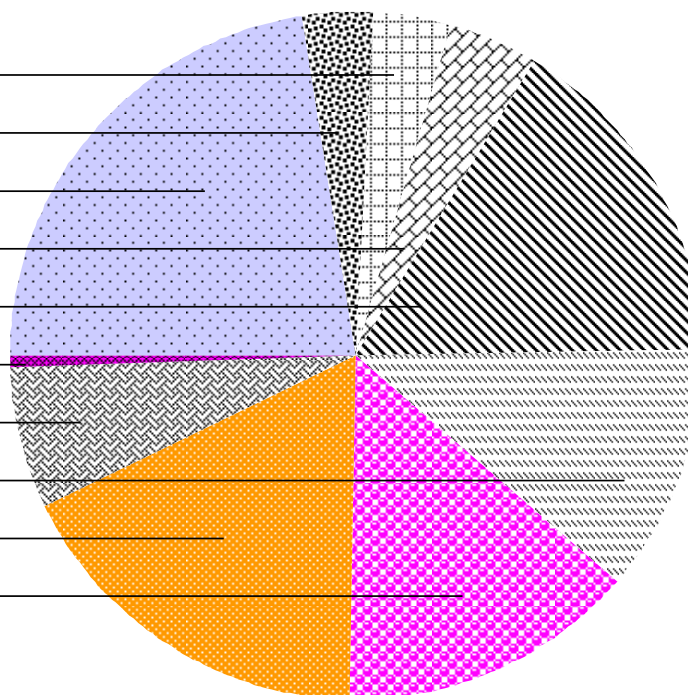
**Percentage Share of Expenditure by Policy Area Group  
 Recurrent Public Expenditure : 2011-12 Estimate**

Community and External Affairs	3.3%
Economic	4.9%
Education	21.2%
Environment and Food	4.1%
Health	15.5%
Housing	4.2%
Infrastructure	6.2%
Security	11.1%
Social Welfare	16.4%
Support	13.1%
	100.0%



**Percentage Share of Expenditure by Policy Area Group  
 Recurrent Government Expenditure : 2011-12 Estimate**

Community and External Affairs	3.5%
Economic	3.4%
Education	22.5%
Environment and Food	4.3%
Health	16.5%
Housing	0.1%
Infrastructure	6.6%
Security	11.7%
Social Welfare	17.4%
Support	14.0%
	100.0%



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

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

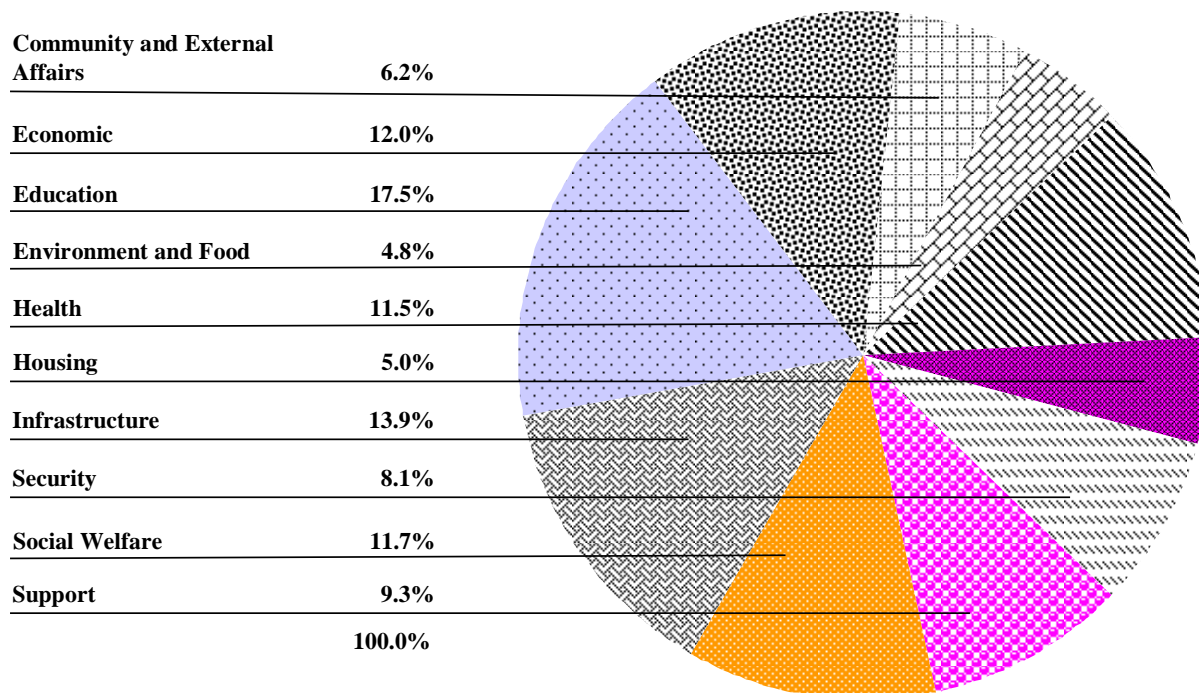
	2009–10 Actual \$m	2010–11 Revised Estimate \$m	2011–12 Estimate \$m	Increase/Decrease over 2010–11 Revised Estimate	
				in Nominal Terms %	in Real Terms %
<b>Education</b>	58,240	61,824	<b>68,667</b>	<b>11.1</b>	<b>9.9</b>
<b>Social Welfare</b>	40,418	40,926	<b>45,979</b>	<b>12.3</b>	<b>10.1</b>
<b>Health</b>	38,387	39,855	<b>45,152</b>	<b>13.3</b>	<b>12.3</b>
<b>Security</b>	29,843	32,740	<b>31,919</b>	<b>-2.5</b>	<b>-3.3</b>
<b>Infrastructure</b>	47,302	48,251	<b>54,550</b>	<b>13.1</b>	<b>8.8</b>
<b>Economic</b>	18,465	17,949	<b>47,174</b>	<b>162.8</b>	<b>160.1</b>
<b>Housing</b>	16,258	18,073	<b>19,736</b>	<b>9.2</b>	<b>5.1</b>
<b>Environment and Food</b>	13,700	15,274	<b>18,808</b>	<b>23.1</b>	<b>19.9</b>
<b>Community and External Affairs</b>	14,092	15,231	<b>24,677</b>	<b>62.0</b>	<b>60.0</b>
<b>Support</b>	30,487	33,635	<b>36,647</b>	<b>9.0</b>	<b>7.1</b>
	<u>307,192</u>	<u>323,758</u>	<u><b>393,309</b></u>	<b>21.5</b>	<b>19.3</b>

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

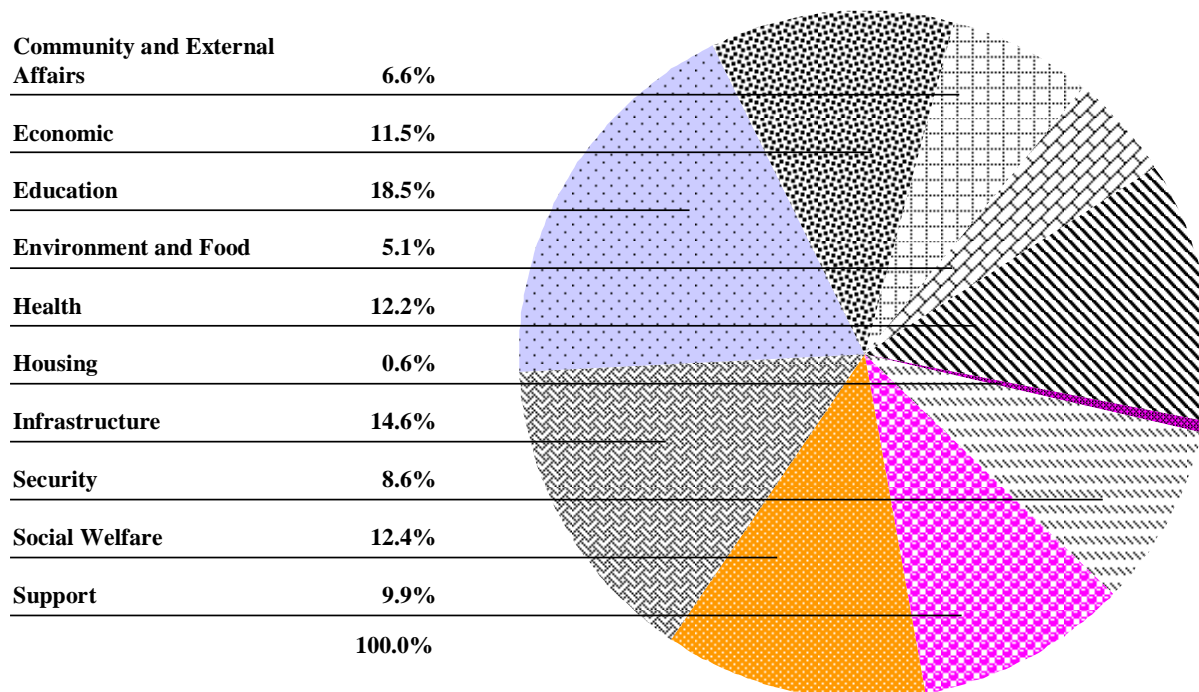
**Total Government Expenditure : Year-on-Year Change**

	2009–10 Actual \$m	2010–11 Revised Estimate \$m	2011–12 Estimate \$m	Increase/Decrease over 2010–11 Revised Estimate	
				in Nominal Terms %	in Real Terms %
<b>Education</b>	58,240	61,824	<b>68,667</b>	<b>11.1</b>	<b>9.9</b>
<b>Social Welfare</b>	40,418	40,926	<b>45,979</b>	<b>12.3</b>	<b>10.1</b>
<b>Health</b>	38,387	39,855	<b>45,152</b>	<b>13.3</b>	<b>12.3</b>
<b>Security</b>	29,843	32,740	<b>31,919</b>	<b>-2.5</b>	<b>-3.3</b>
<b>Infrastructure</b>	47,097	47,993	<b>54,314</b>	<b>13.2</b>	<b>9.0</b>
<b>Economic</b>	14,768	13,996	<b>42,801</b>	<b>205.8</b>	<b>203.5</b>
<b>Housing</b>	1,993	2,016	<b>2,152</b>	<b>6.7</b>	<b>6.7</b>
<b>Environment and Food</b>	13,700	15,274	<b>18,808</b>	<b>23.1</b>	<b>19.9</b>
<b>Community and External Affairs</b>	14,092	15,231	<b>24,677</b>	<b>62.0</b>	<b>60.0</b>
<b>Support</b>	30,487	33,635	<b>36,647</b>	<b>9.0</b>	<b>7.1</b>
	<u>289,025</u>	<u>303,490</u>	<u><b>371,116</b></u>	<b>22.3</b>	<b>20.3</b>

**Percentage Share of Expenditure by Policy Area Group  
Total Public Expenditure : 2011-12 Estimate**



**Percentage Share of Expenditure by Policy Area Group  
Total Government Expenditure : 2011-12 Estimate**



**SECTION IV MAJOR CAPITAL PROJECTS ESTIMATED TO BEGIN IN 2011–12**

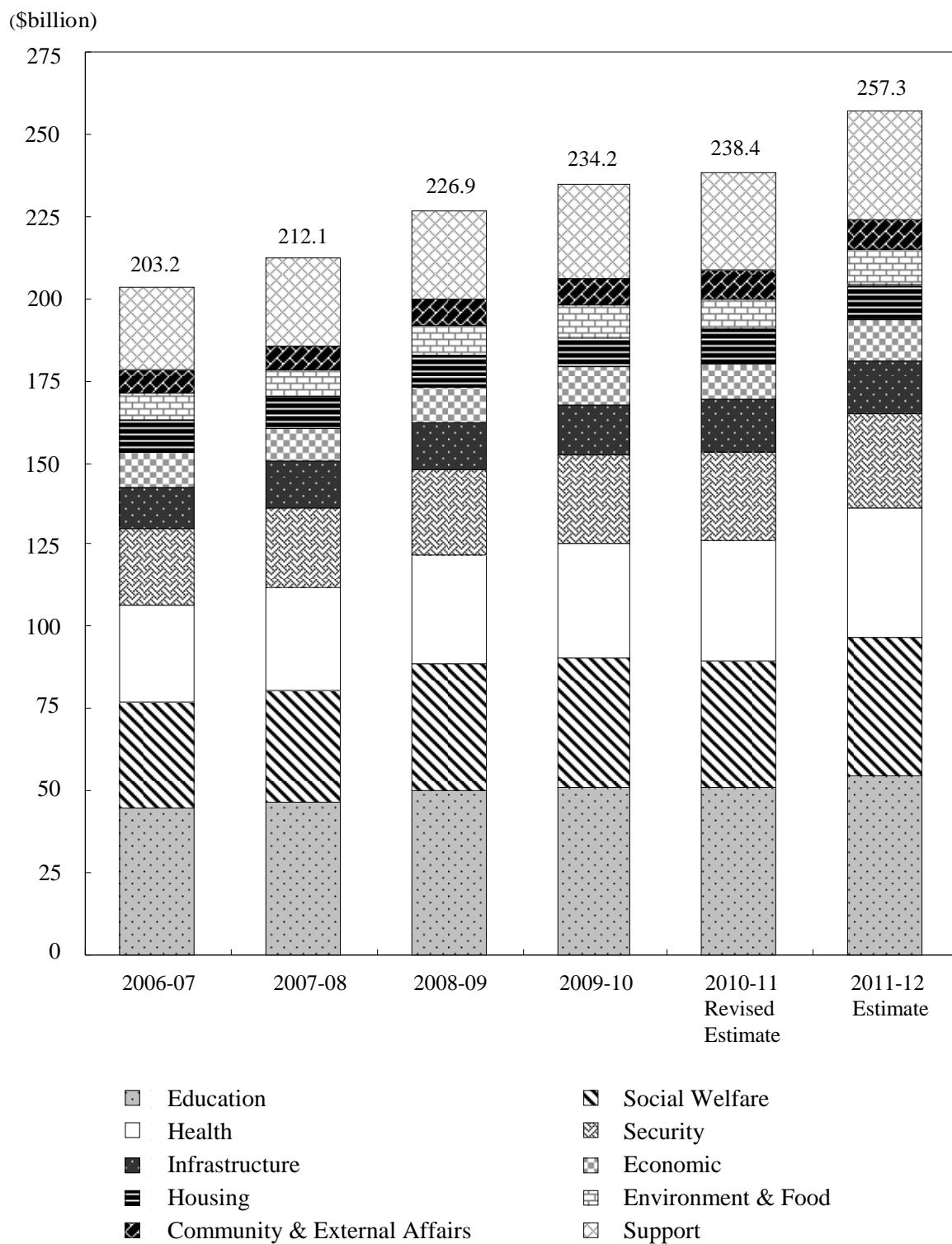
Major capital projects estimated to begin in 2011–12 include –

	<b>Project Estimates \$ million</b>
<b>Infrastructure</b>	<b>56,184</b>
— Drainage improvement at Northern New Territories—construction of a box culvert underneath Castle Peak Road at San Tin	
— Dredging, management and capping of contaminated sediment disposal facility to the south of The Brothers	
— Feasibility study for the remaining development in Tung Chung	
— Formation, roads and drains in Area 54, Tuen Mun—phase 2 stage 1 works	
— Happy Valley underground stormwater storage scheme	
— Hong Kong–Zhuhai–Macao Bridge—Hong Kong Boundary Crossing Facilities—reclamation and superstructures	
— Hong Kong–Zhuhai–Macao Bridge—Hong Kong Link Road	
— Improvement and extension of Kam Pok Road	
— Kai Tak development—Kai Tak approach channel and Kwun Tong typhoon shelter improvement works (Phase 1)	
— Kai Tak development—stage 2 infrastructure at north apron area of Kai Tak Airport	
— Kwun Tong Line Extension—essential public infrastructure works	
— Liantang/Heung Yuen Wai Boundary Control Point and associated works—detailed design and ground investigation	
— Liantang/Heung Yuen Wai Boundary Control Point and associated works—reprovisioning of border road and associated security facilities	
— Reconstruction and rehabilitation of Kai Tak Nullah from Po Kong Village Road to Tung Kwong Road	
— Review studies on Hung Shui Kiu new development area—consultants' fees and site investigation	
— Shatin to Central Link—construction of non-railway works—advance works	
— Shatin to Central Link—construction of railway works—advance works	
— Shatin to Central Link—construction of railway works—protection works—remaining works	
— South Island Line (East)—essential public infrastructure works	
— Tuen Mun–Chek Lap Kok Link—detailed design, site investigations and advance works	
— Water supply to housing development at Anderson Road	
— Water supply to Pak Shek Kok reclamation area, Tai Po—stage 2	
<b>Community and External Affairs</b>	<b>1,409</b>
— Cycle tracks and associated facilities along seafront at Town Centre South, Tseung Kwan O	
— District open space, sports centre and library in Area 74, Tseung Kwan O	
— Joint-user complex in Area 44, Fanling	
— Relocation and expansion of Hong Kong Maritime Museum	
— Tuen Mun River beautification—Tin Hau Temple Plaza	
<b>Environment and Food</b>	<b>1,340</b>
— Lam Tsuen Valley sewerage, stage 1	
— North District sewerage, stage 2 part 2A—Pak Hok Lam trunk sewer and Sha Tau Kok village sewerage	
— Retrofitting of noise barriers on Tai Po Tai Wo Road, phase 1	
— Sewerage in Ping Kong and Fu Tei Pai	
— Trunk sewerage at Lau Fau Shan	
— Tuen Mun sewerage, stage 1—village sewerage in Tsing Chuen Wai and Tuen Tsz Wai	
— Upgrading of Central and East Kowloon sewerage, phase 2	

	<b>Project Estimates \$ million</b>
<b>Economic</b>	<b>671</b>
— Aberdeen tourism project	
— Fitting-out works for Government facilities at new air cargo terminal	
— Lei Yue Mun waterfront enhancement	
<b>Security</b>	<b>485</b>
— Construction of fire station-cum-ambulance facility at Cheung Yip Street, Kowloon Bay	
— Construction of a secondary boundary fence and new sections of primary boundary fence and boundary patrol road—phase 2	
<b>Education</b>	<b>184</b>
— Alteration and conversion to St. Paul's Co-educational College at MacDonnell Road, Central	

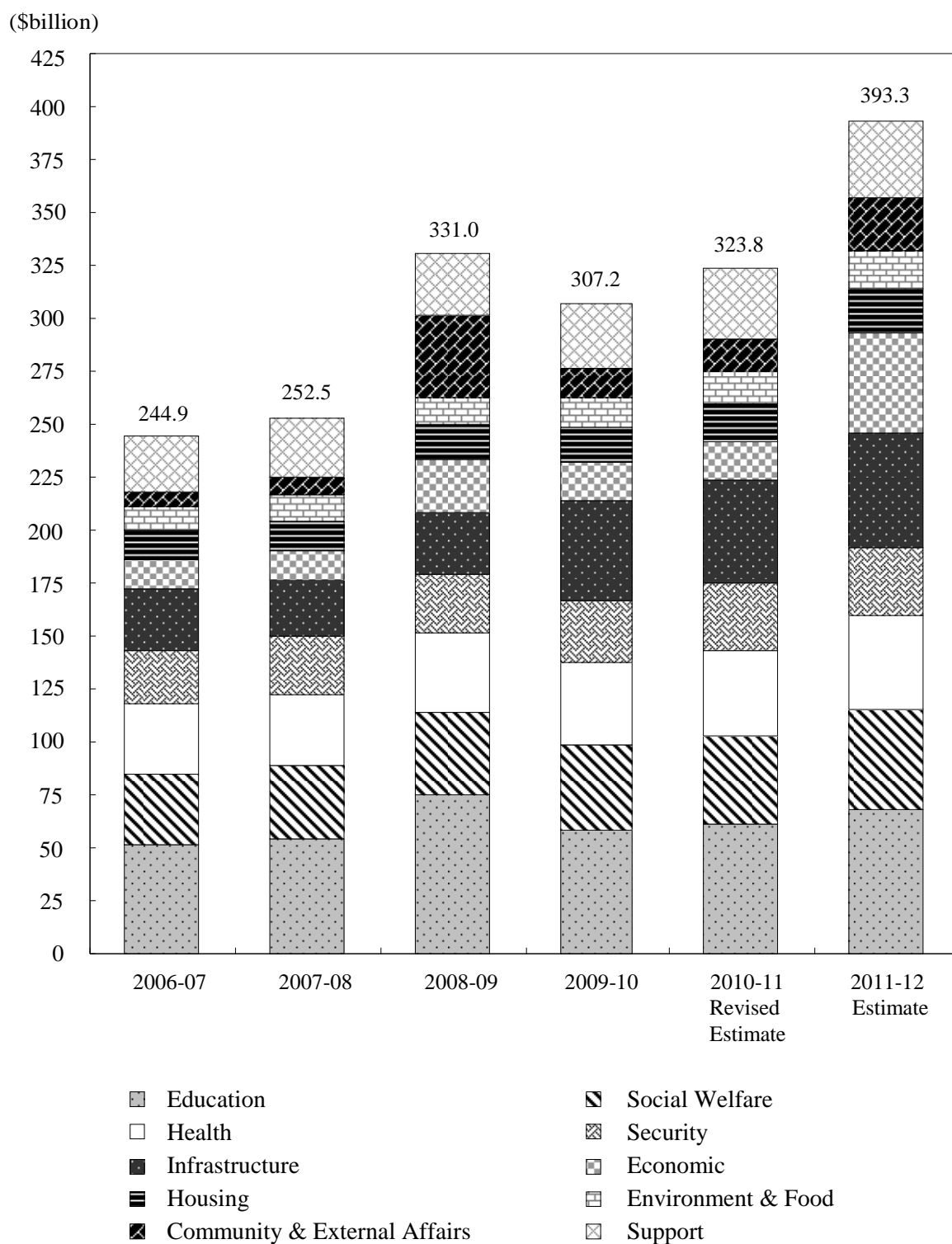
**SECTION V TRENDS IN PUBLIC EXPENDITURE : 2006-07 TO 2011-12**

Recurrent Public Expenditure by Policy Area Group 2006-07 to 2011-12



SECTION V TRENDS IN PUBLIC EXPENDITURE : 2006-07 TO 2011-12

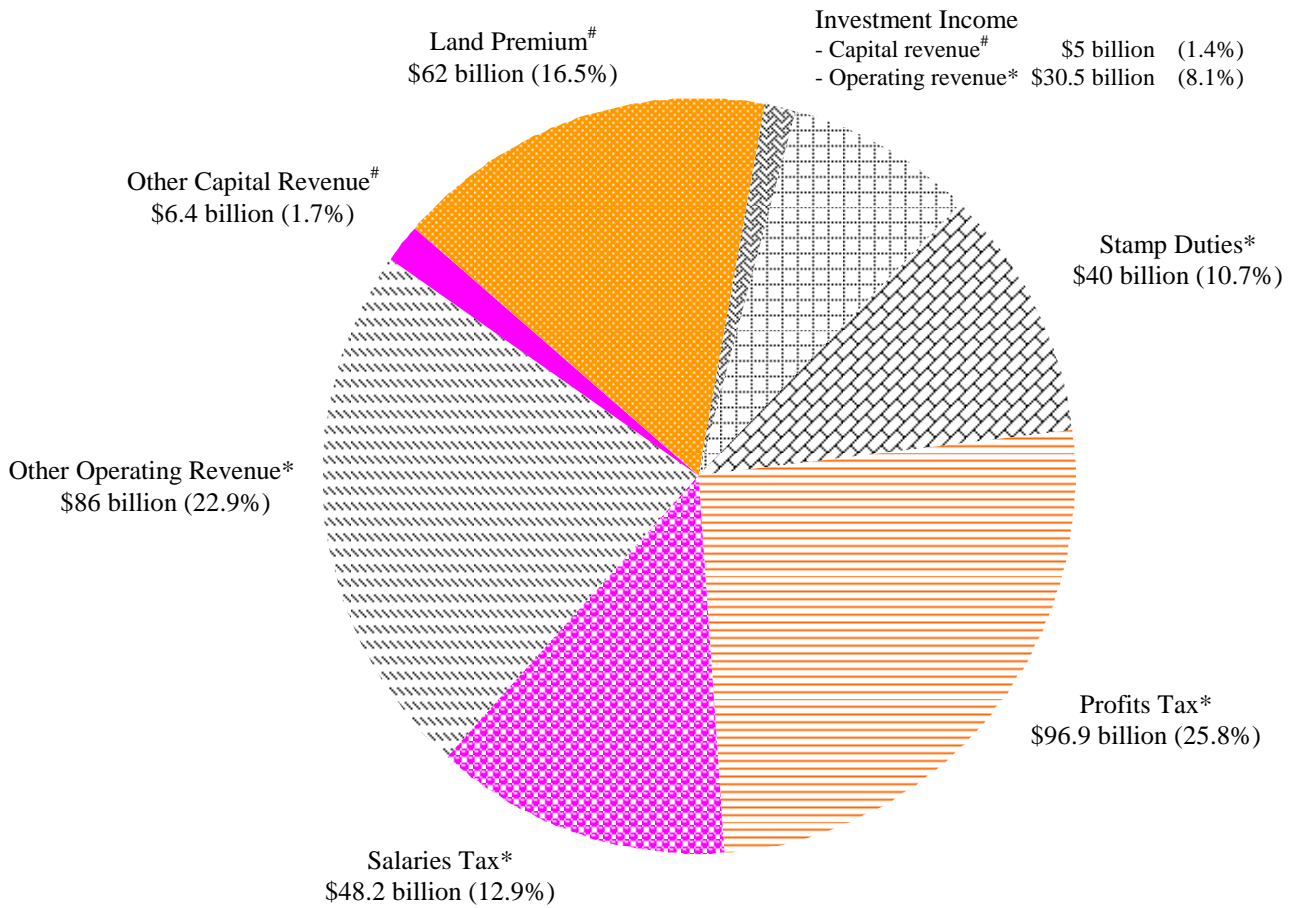
Total Public Expenditure by Policy Area Group 2006-07 to 2011-12





**SECTION VI ANALYSIS OF GOVERNMENT REVENUE**

2011-12 Estimate (\$375 billion)



\* Operating Revenue \$301.6 billion (80.4%)

# Capital Revenue \$73.4 billion (19.6%)

## SECTION VII CLASSIFICATION OF EXPENDITURE BY POLICY AREA GROUP

<b>Policy Area Group</b>		<b>Policy Area (Note)</b>
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 2011–12 Estimates. The index further provides details, by head of expenditure, of individual programmes which contribute to a policy area.