

APPENDIX B

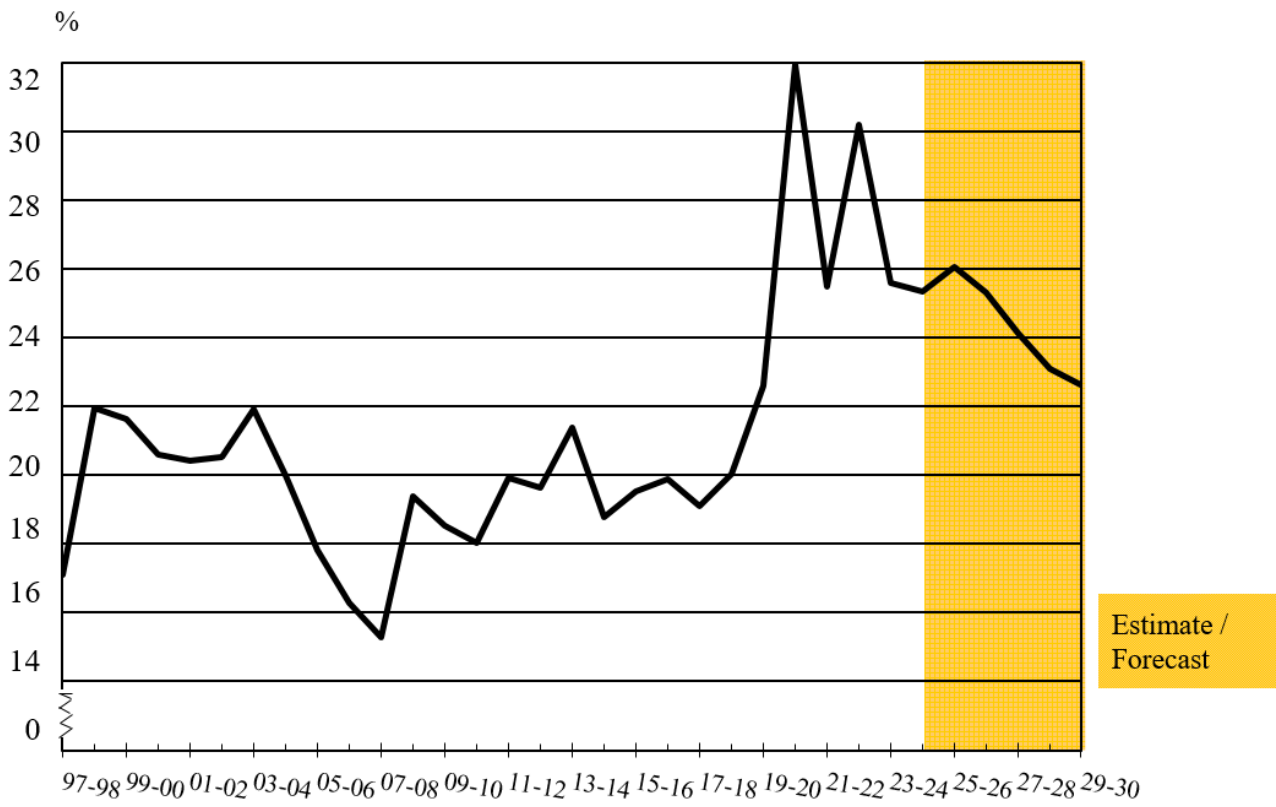
ANALYSIS OF EXPENDITURE AND REVENUE

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

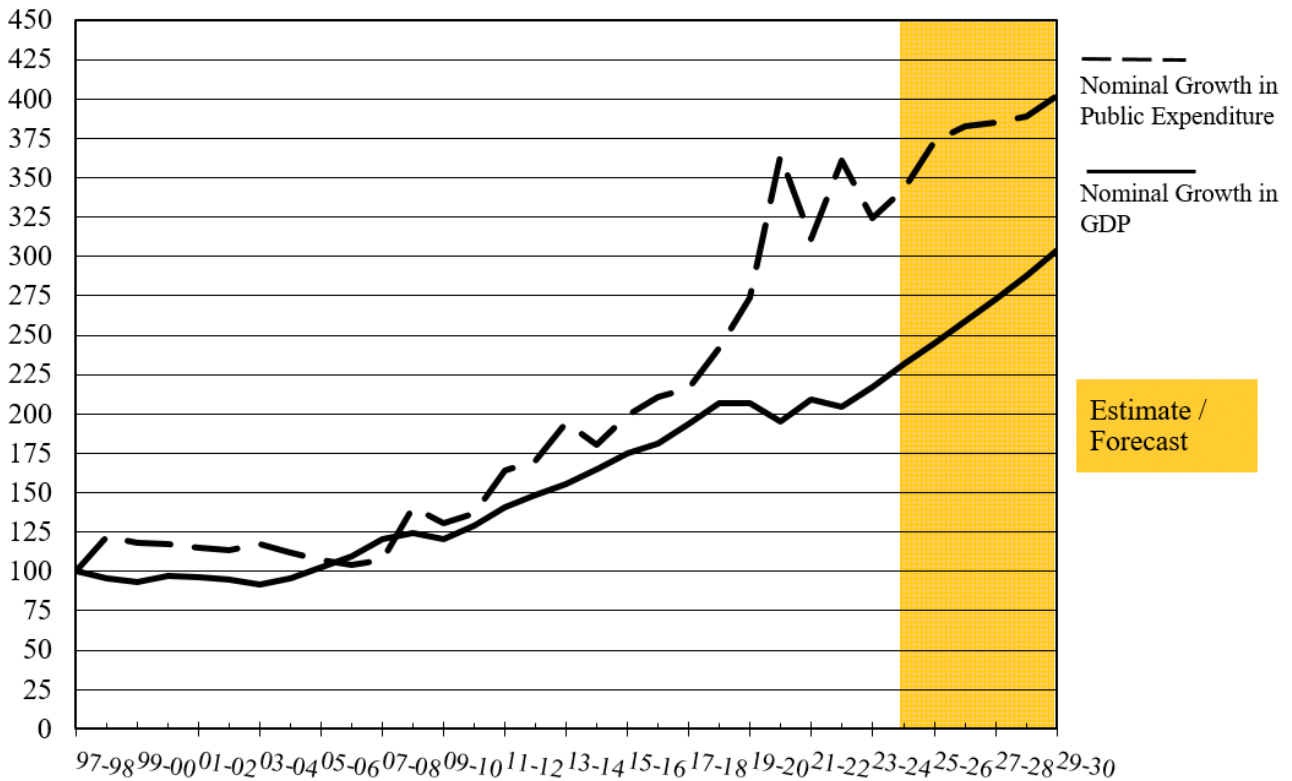
	2025-26 Estimate \$m
General Revenue Account	
Operating	624,212
Capital	8,431
	<hr/> 632,643
Capital Investment Fund	5,749
Capital Works Reserve Fund	164,071
Innovation and Technology Fund	12,449
Loan Fund	3,044
Lotteries Fund	4,315
	<hr/>
Government Expenditure	822,271
Trading Funds	5,376
Housing Authority	50,098
	<hr/>
Public Expenditure	877,745
	<hr/>
GDP	3,367,600
Public Expenditure in terms of percentage of GDP	26.1%

Public Expenditure in terms of Percentage of GDP



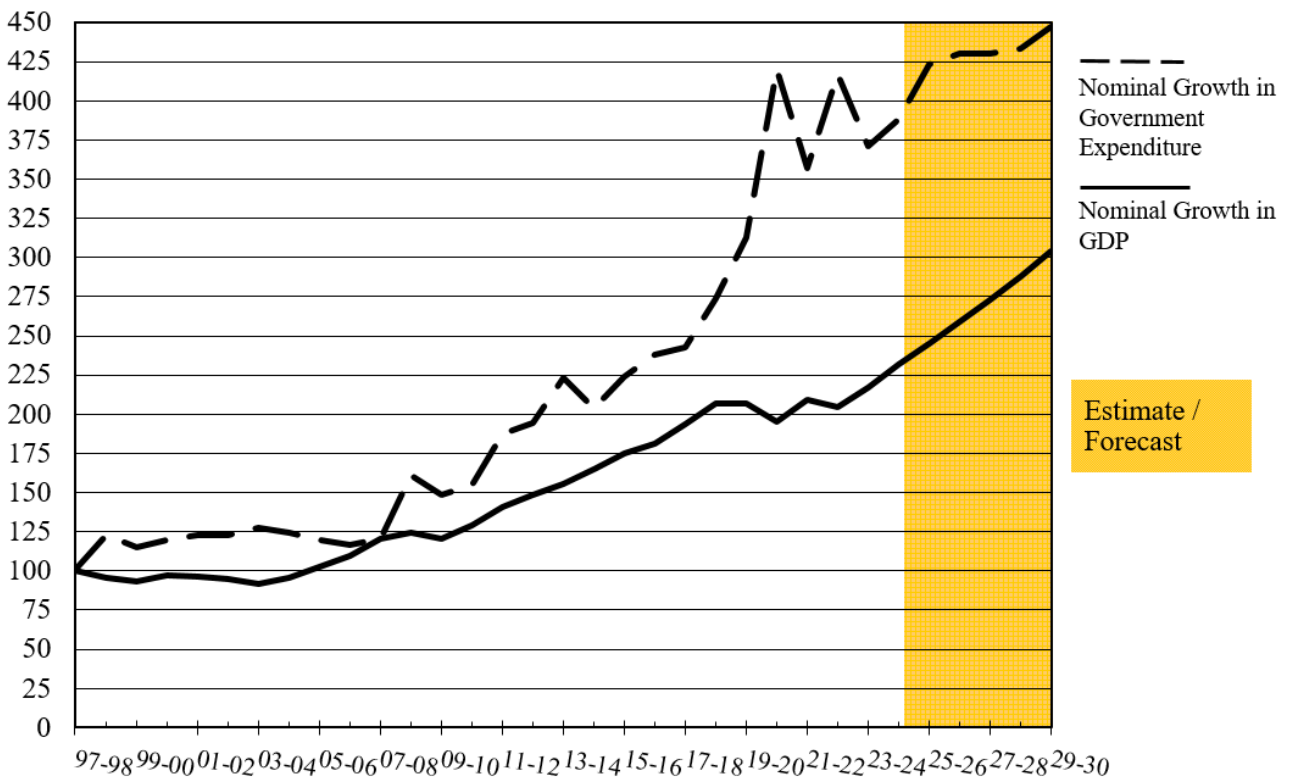
**Comparison of Cumulative Growth in Public Expenditure
with Cumulative Growth in GDP
since 1997-98**

Index
(97-98 = 100)



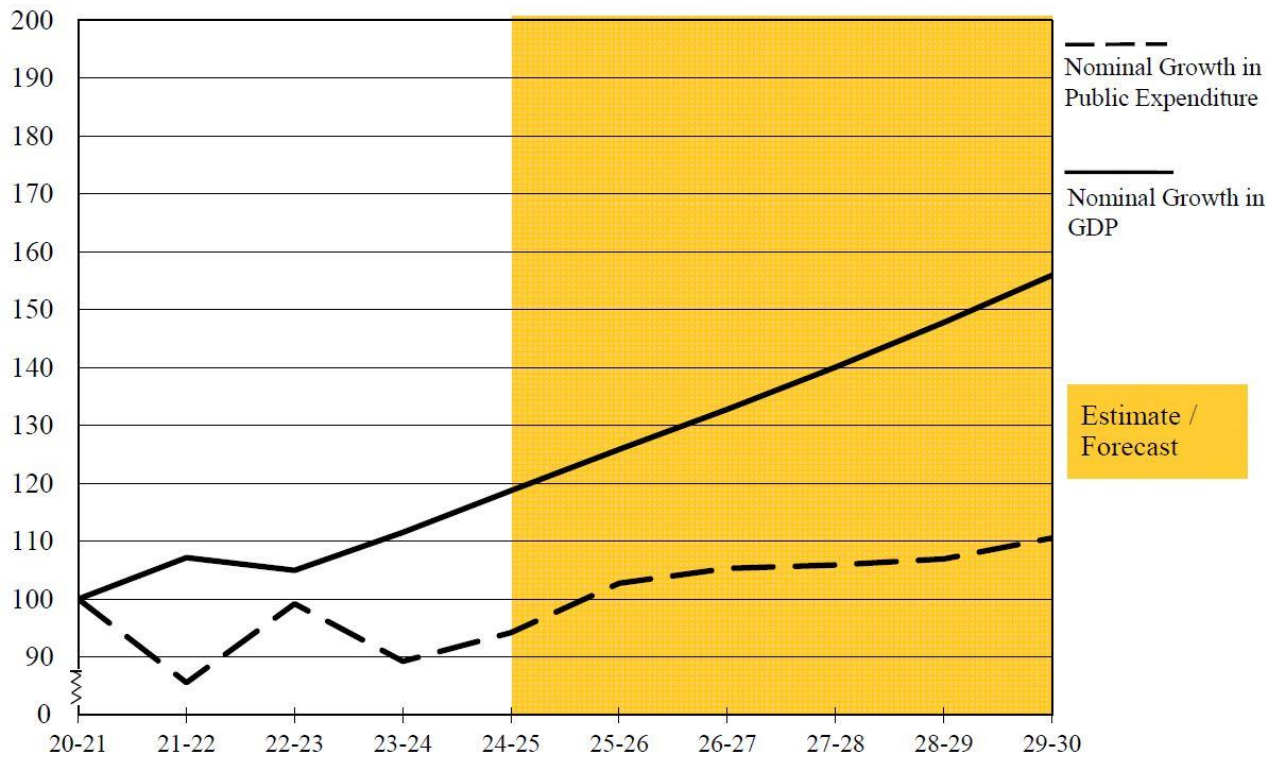
**Comparison of Cumulative Growth in Government Expenditure
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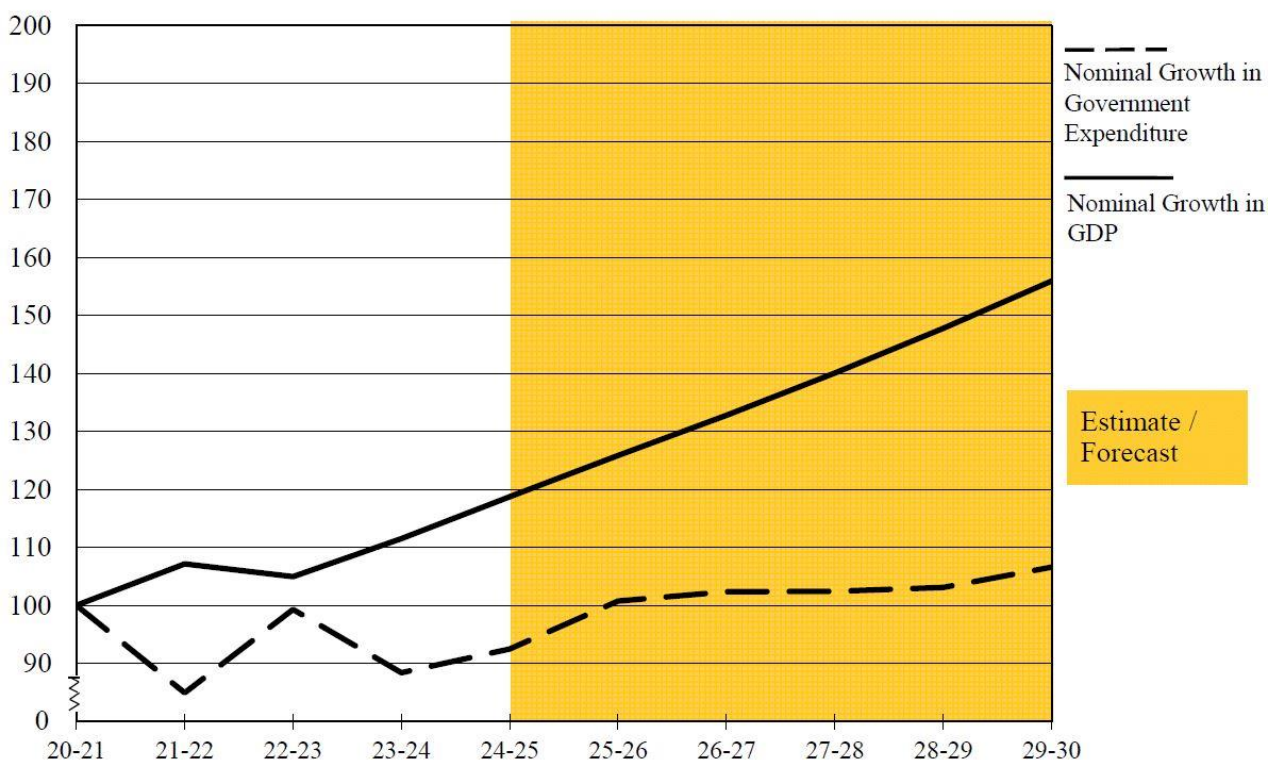
**Comparison of Cumulative Growth in Public Expenditure
with Cumulative Growth in GDP
since 2020-21**

Index
(20-21 = 100)



**Comparison of Cumulative Growth in Government Expenditure
with Cumulative Growth in GDP
since 2020-21**

Index
(20-21 = 100)



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

Recurrent Public Expenditure : Year-on-Year Change

	2023-24 Actual \$m	2024-25 Revised Estimate \$m	2025-26 Estimate \$m	Increase/Decrease over 2024-25 Revised Estimate in Nominal Terms %	in Real Terms %
Education	103,683	105,314	102,857	-2.3	-3.1
Social Welfare	110,642	118,731	130,393	9.8	8.4
Health	103,918	109,211	115,331	5.6	4.3
Security	57,053	59,458	60,913	2.4	1.4
Infrastructure	33,891	33,533	34,369	2.5	0.6
Environment and Food	24,533	25,396	26,296	3.5	1.2
Economic	20,834	22,167	22,849	3.1	1.5
Housing	18,947	20,473	21,980	7.4	5.5
Community and External Affairs	16,860	17,829	19,331	8.4	6.1
Support	71,145	74,198	79,150	6.7	4.9
	<u>561,506</u>	<u>586,310</u>	<u>613,469</u>	4.6	3.2
GDP growth in 2025				5.5% to 6.5%	2% to 3%

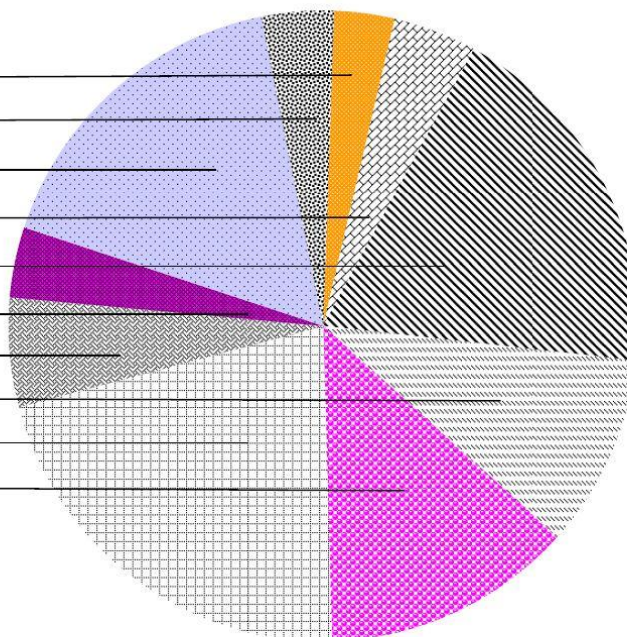
**SECTION II RECURRENT PUBLIC/GOVERNMENT EXPENDITURE
BY POLICY AREA GROUP**

Recurrent Government Expenditure : Year-on-Year Change

	2023-24 Actual \$m	2024-25 Revised Estimate \$m	2025-26 Estimate \$m	Increase/Decrease over 2024-25 Revised Estimate	
				in Nominal Terms %	in Real Terms %
Education	103,683	105,314	102,857	-2.3	-3.1
Social Welfare	110,642	118,731	130,393	9.8	8.4
Health	103,918	109,211	115,331	5.6	4.3
Security	57,053	59,458	60,913	2.4	1.4
Infrastructure	33,662	33,275	34,102	2.5	0.6
Environment and Food	24,533	25,396	26,296	3.5	1.2
Economic	16,895	18,314	18,842	2.9	1.1
Housing	718	790	849	7.5	7.4
Community and External Affairs	16,860	17,829	19,331	8.4	6.1
Support	71,145	74,198	79,150	6.7	4.9
	<u>539,109</u>	<u>562,516</u>	<u>588,064</u>	4.5	3.2
GDP growth in 2025				5.5% to 6.5%	2% to 3%

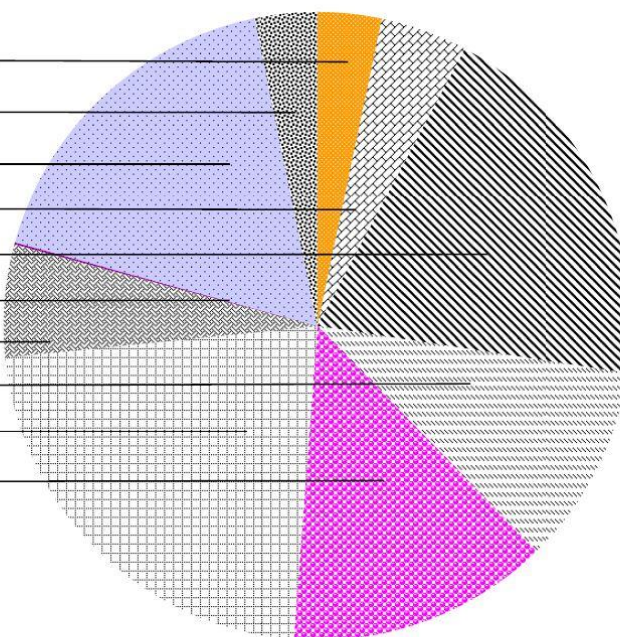
**Percentage Share of Expenditure by Policy Area Group
 Recurrent Public Expenditure : 2025-26 Estimate**

Community and External Affairs	3.1%
Economic	3.7%
Education	16.8%
Environment and Food	4.3%
Health	18.8%
Housing	3.6%
Infrastructure	5.6%
Security	9.9%
Social Welfare	21.3%
Support	12.9%
	100.0%



**Percentage Share of Expenditure by Policy Area Group
 Recurrent Government Expenditure : 2025-26 Estimate**

Community and External Affairs	3.3%
Economic	3.2%
Education	17.5%
Environment and Food	4.5%
Health	19.6%
Housing	0.1%
Infrastructure	5.8%
Security	10.3%
Social Welfare	22.2%
Support	13.5%
	100.0%



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

Total Public Expenditure : Year-on-Year Change

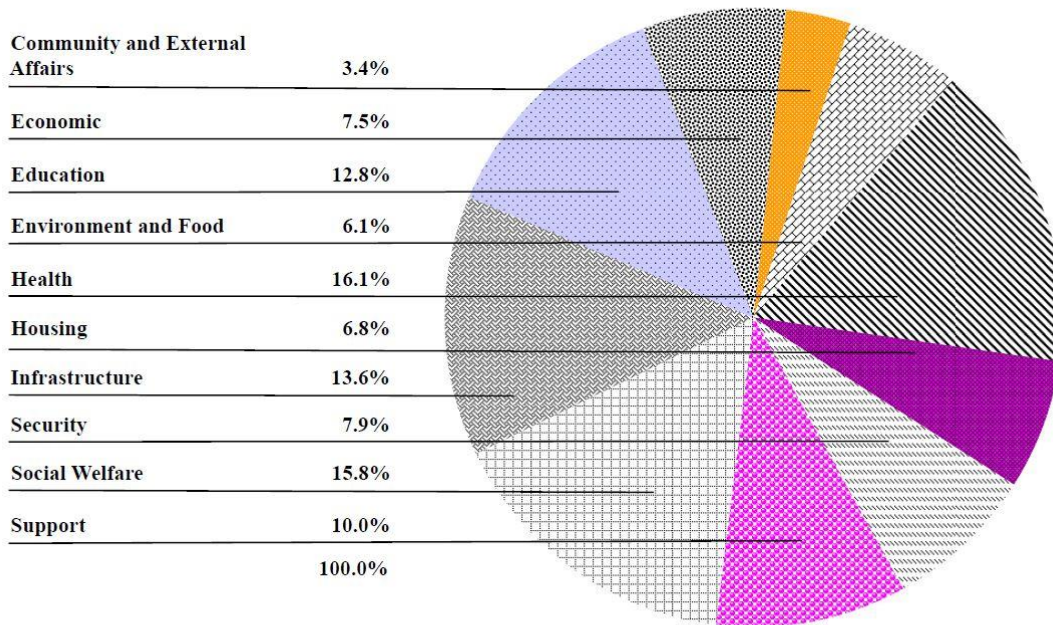
	2023-24 Actual \$m	2024-25 Revised Estimate \$m	2025-26 Estimate \$m	Increase/Decrease over 2024-25 Revised Estimate in Nominal Terms %	in Real Terms %
Education	113,541	113,780	112,448	-1.2	-2.2
Social Welfare	115,795	124,128	139,050	12.0	10.5
Health	119,471	130,224	141,040	8.3	6.7
Security	62,868	66,003	69,014	4.6	3.3
Infrastructure	86,325	99,090	119,612	20.7	18.1
Environment and Food	42,039	48,489	53,518	10.4	8.0
Economic	74,262	57,599	66,045	14.7	11.6
Housing	42,979	53,103	59,824	12.7	10.2
Community and External Affairs	28,987	30,663	29,841	-2.7	-5.0
Support	76,193	81,784	87,353	6.8	4.9
	<u>762,460</u>	<u>804,863</u>	<u>877,745</u>	9.1	7.2
GDP growth in 2025				5.5% to 6.5%	2% to 3%

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

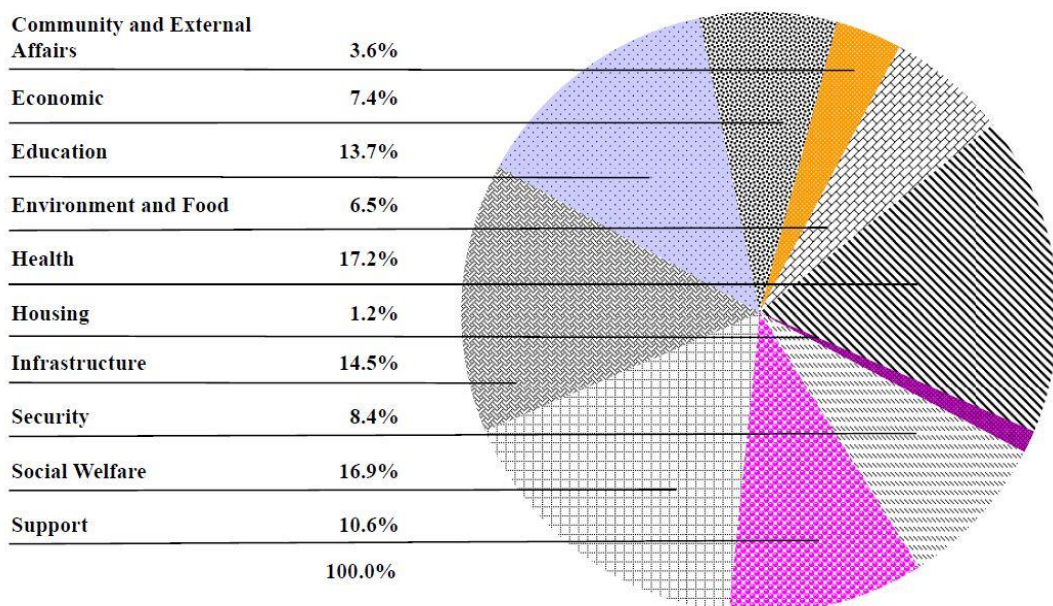
Total Government Expenditure : Year-on-Year Change

	2023-24 Actual \$m	2024-25 Revised Estimate \$m	2025-26 Estimate \$m	Increase/Decrease over 2024-25 Revised Estimate	
				in Nominal Terms %	in Real Terms %
Education	113,541	113,780	112,448	-1.2	-2.2
Social Welfare	115,795	124,128	139,050	12.0	10.5
Health	119,471	130,224	141,040	8.3	6.7
Security	62,868	66,003	69,014	4.6	3.3
Infrastructure	86,054	98,786	119,275	20.7	18.1
Environment and Food	42,039	48,489	53,518	10.4	8.0
Economic	69,954	53,392	61,006	14.3	11.0
Housing	6,399	7,505	9,726	29.6	26.5
Community and External Affairs	28,987	30,663	29,841	-2.7	-5.0
Support	76,193	81,784	87,353	6.8	4.9
	<u>721,301</u>	<u>754,754</u>	<u>822,271</u>	8.9	7.1
GDP growth in 2025				5.5% to 6.5%	2% to 3%

Percentage Share of Expenditure by Policy Area Group
Total Public Expenditure : 2025-26 Estimate



Percentage Share of Expenditure by Policy Area Group
Total Government Expenditure : 2025-26 Estimate



SECTION IV MAJOR CAPITAL PROJECTS PLANNED FOR COMMENCEMENT IN 2025-26

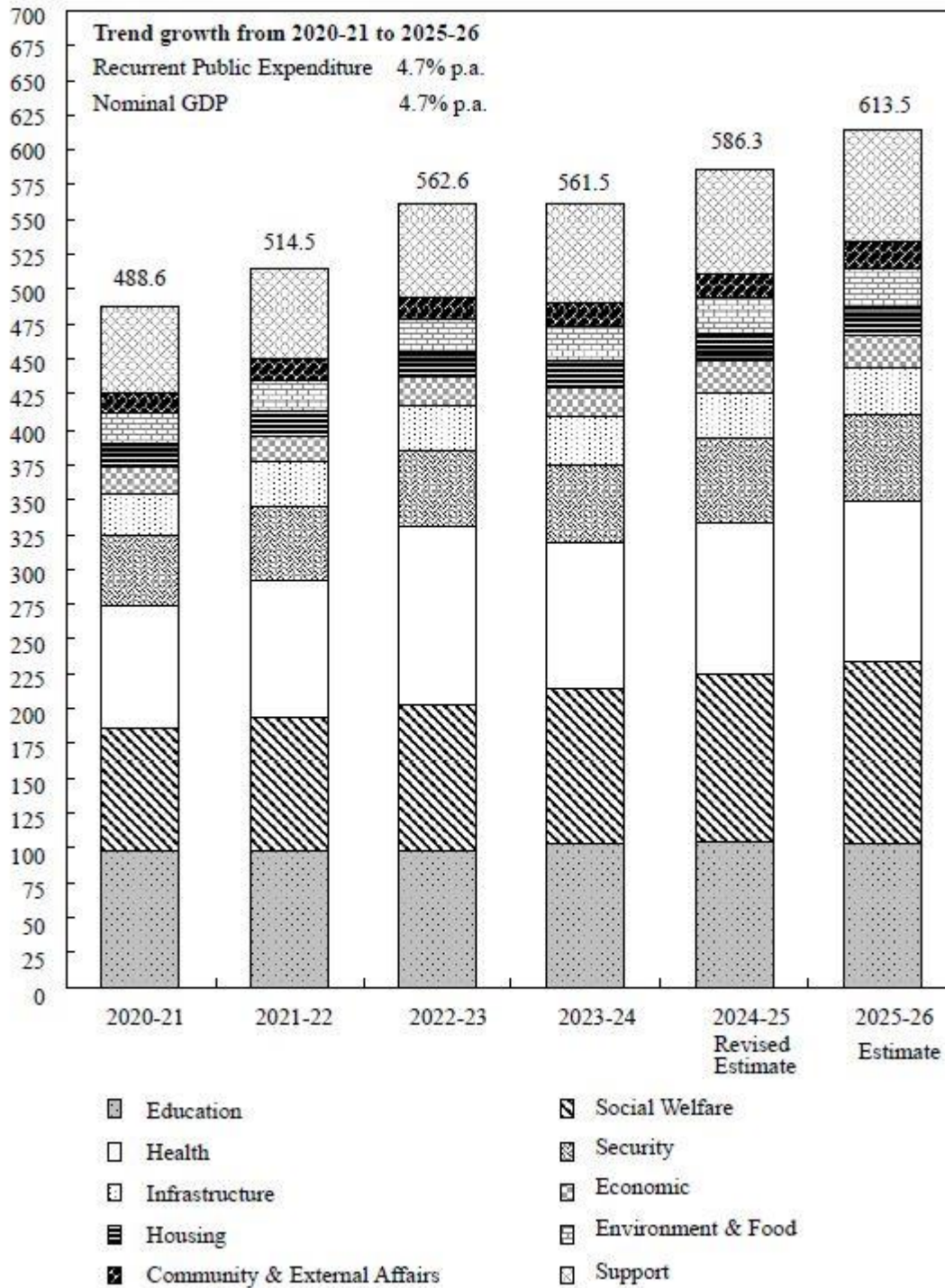
Major capital projects estimated to begin in 2025-26 include –

	Project Estimates \$ billion
Infrastructure	34.5
— Construction of Annex Block at Hong Kong Observatory Headquarters, Tsim Sha Tsui	
— Town Park with Public Vehicle Park in Area 66, Tseung Kwan O	
— Tung Chung New Town Extension—Site Formation and Infrastructure Works (Second Phase)	
— Yuen Long South New Development Area—Second Phase Development—Site Formation and Engineering Infrastructure Works	
— Ngau Tam Mei water treatment works extension—Main works—Package one	
— Improvement of water supply to northern New Territories	
— Site formation and infrastructure works for public housing development at A Kung Ngam Village, Eastern	
— Site formation and infrastructure works for public housing development near Chai Wan Swimming Pool, Chai Wan	
Environment and Food	22.1
— Relocation of Sha Tin Sewage Treatment Works to caverns—Remaining works	
— Hung Shui Kiu Effluent Polishing Plant—Phase 1	
Education	6.4
— A 30-classroom primary school at Area 89 (Northern side), Tung Chung	
— A 30-classroom primary school at Area 17, Fanling North New Development Area	
— A 30-classroom primary school at Area 29, Kwu Tung North New Development Area	
— Construction of a new academic building on an extension site east of No. 3 Sassoon Road (Main Works)	
— Construction of a Clinical Training Amenities Centre at No. 6 Sassoon Road (Main Works)	
— Development of Hong Kong Institute of Information Technology (HKIIT) at the School of Business and Information Systems Building in Tsing Yi	
Support	5.7
— Hoi Ting Road Joint-user Complex	
— Joint-user Complex at Cheung Sha Wan Road, Sham Shui Po	
Health	3.3
— Redevelopment of Shek Kip Mei Health Centre	
— Re-provisioning of Victoria Public Mortuary	
Security	1.2
— Construction of Fire Station-cum-Ambulance Depot with Departmental Quarters and Facilities at Anderson Road Quarry Site, Sai Kung	

SECTION V TRENDS IN PUBLIC EXPENDITURE : 2020-21 TO 2025-26

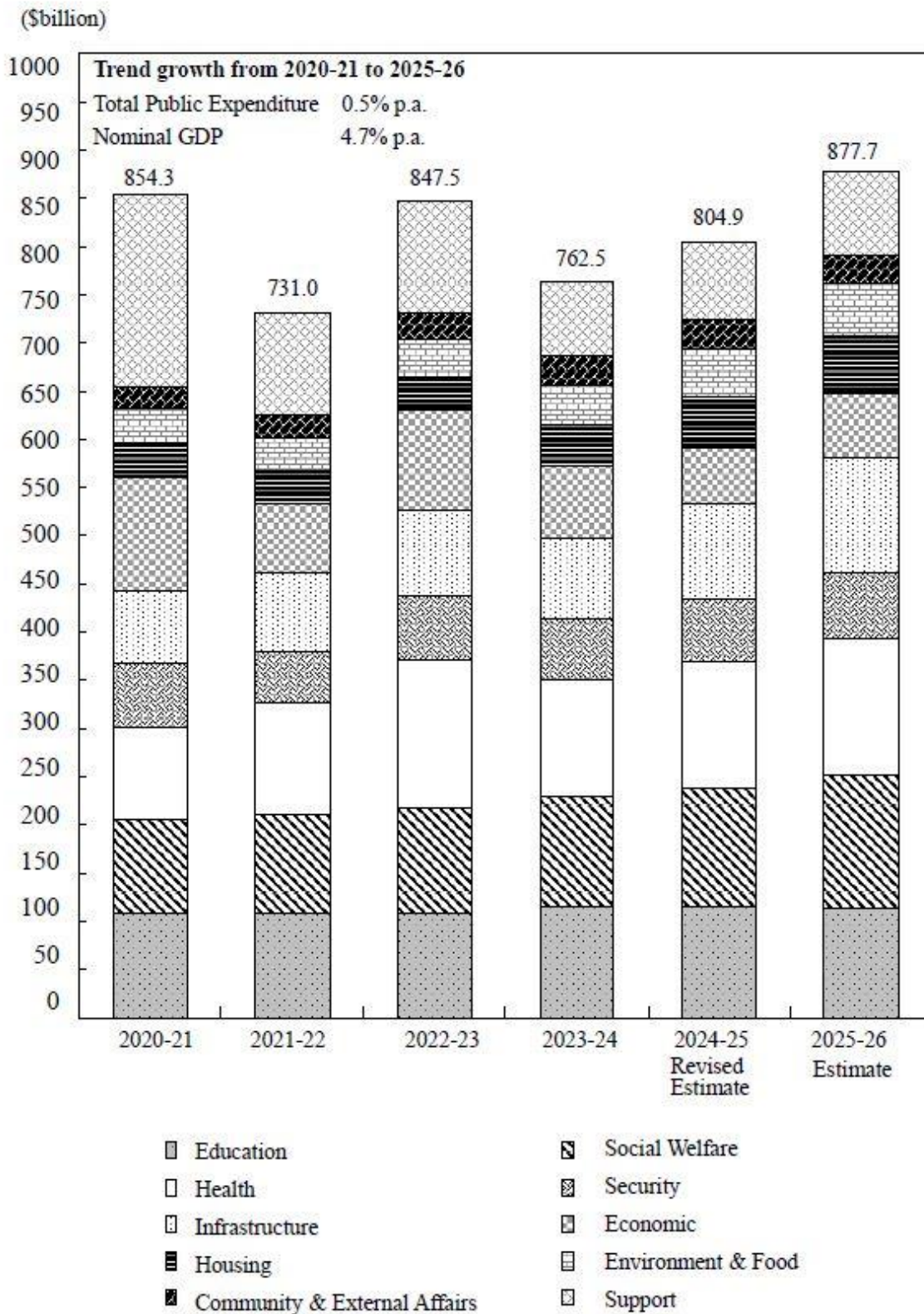
Recurrent Public Expenditure by Policy Area Group

(\$billion)



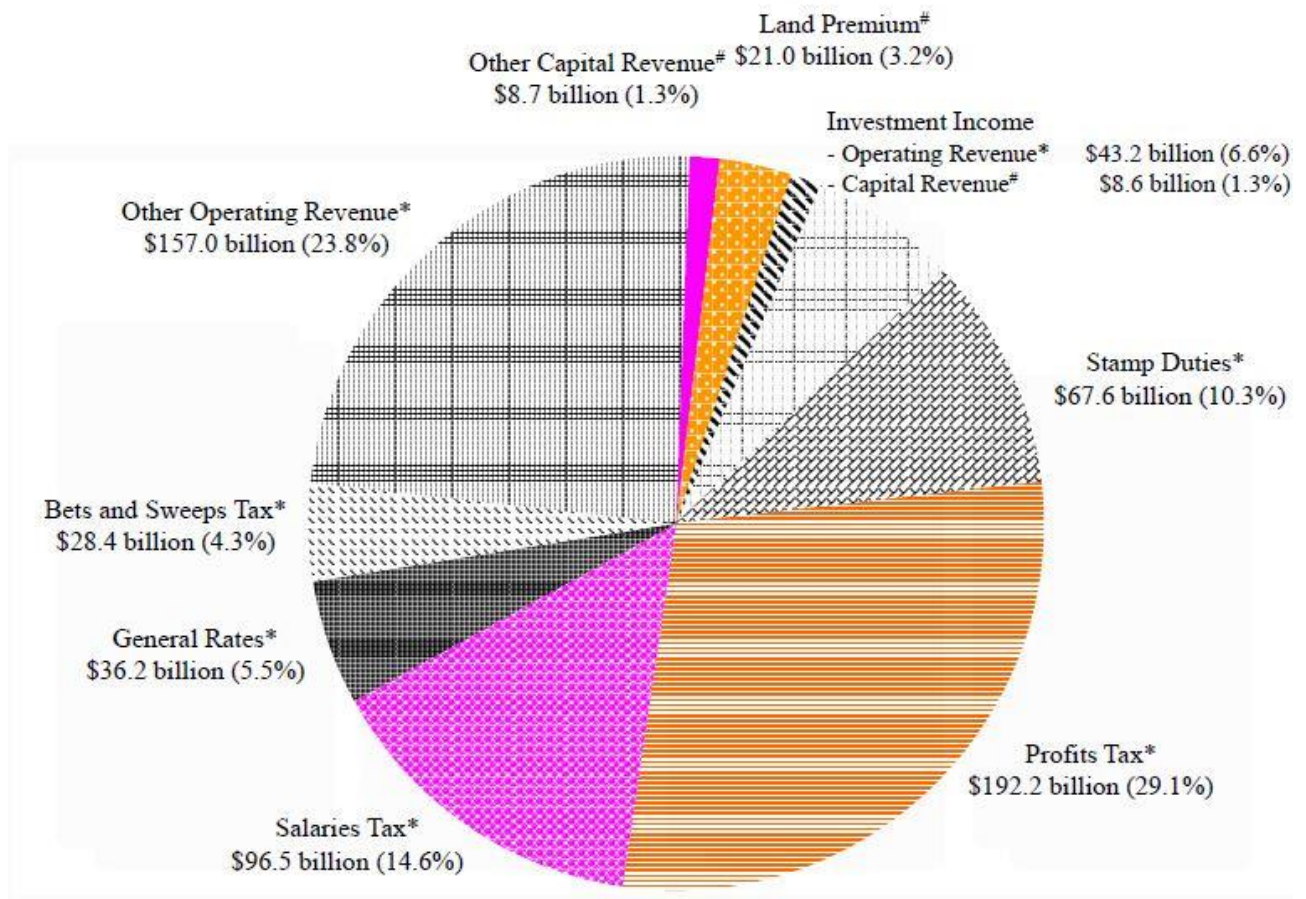
SECTION V TRENDS IN PUBLIC EXPENDITURE : 2020-21 TO 2025-26

Total Public Expenditure by Policy Area Group



SECTION VI ANALYSIS OF GOVERNMENT REVENUE

2025-26 Estimate (\$659.4 billion)



	2025-26 Estimate	% Share of Government Revenue	% of GDP
* Operating Revenue	\$621.1 billion	94.2%	18.5%
# Capital Revenue	\$38.3 billion	5.8%	1.1%
Total	\$659.4 billion	100%	19.6%

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
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 2025-26 Estimates. The index further provides details, by head of expenditure, of individual programmes which contribute to a policy area.