

APPENDIX B

ANALYSIS OF PUBLIC/GOVERNMENT EXPENDITURE

2003–04 TO 2008–09

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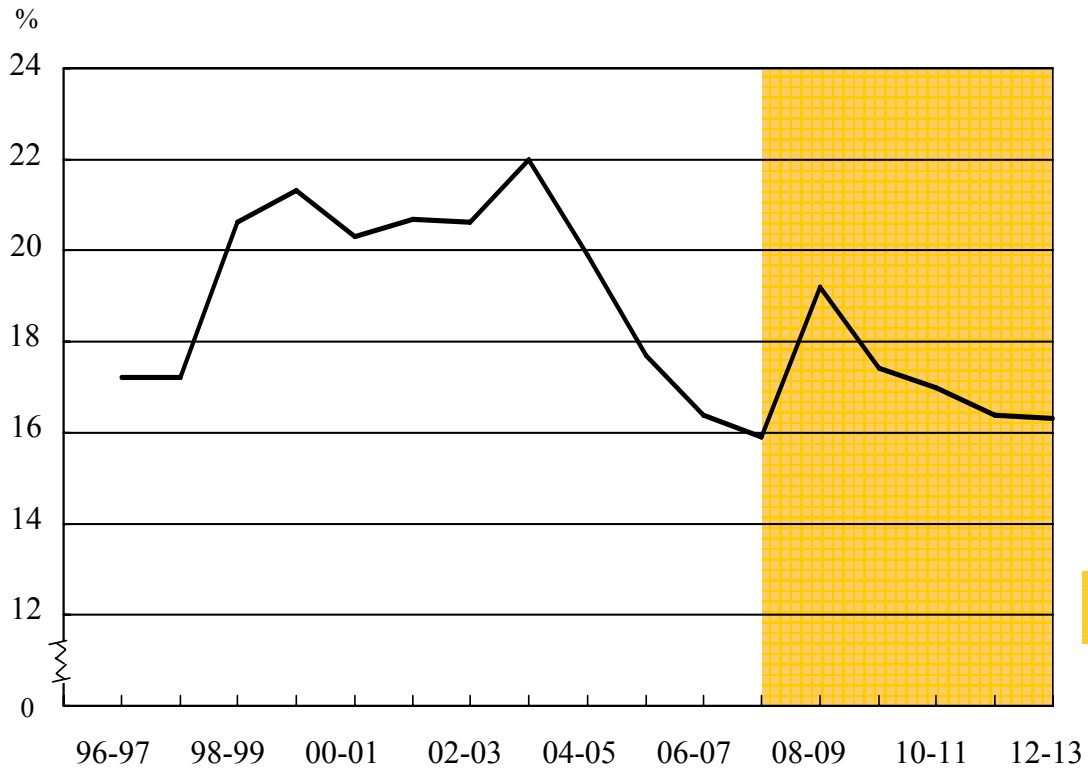
Note: Expenditure figures for 2007-08 and before as shown in Sections II, III and V have been adjusted to align with the cost-neutral transfers between policy area groups adopted in the 2008-09 estimate.

SECTION I – THE ESTIMATES IN THE CONTEXT OF THE ECONOMY

Relationship between Government Expenditure and Public Expenditure in 2008–09 and GDP

	2008–09 Estimate \$m
General Revenue Account	
Operating	255,700
Capital	2,726
	<hr/> 258,426
Capital Works Reserve Fund	49,004
Innovation and Technology Fund	879
Loan Fund	2,994
Lotteries Fund	1,091
Government Expenditure	<hr/> 312,394
Trading Funds	3,920
Housing Authority	15,768
Public Expenditure	<hr/> 332,082
GDP	1,725,625
Public Expenditure as a % of GDP	19.2%

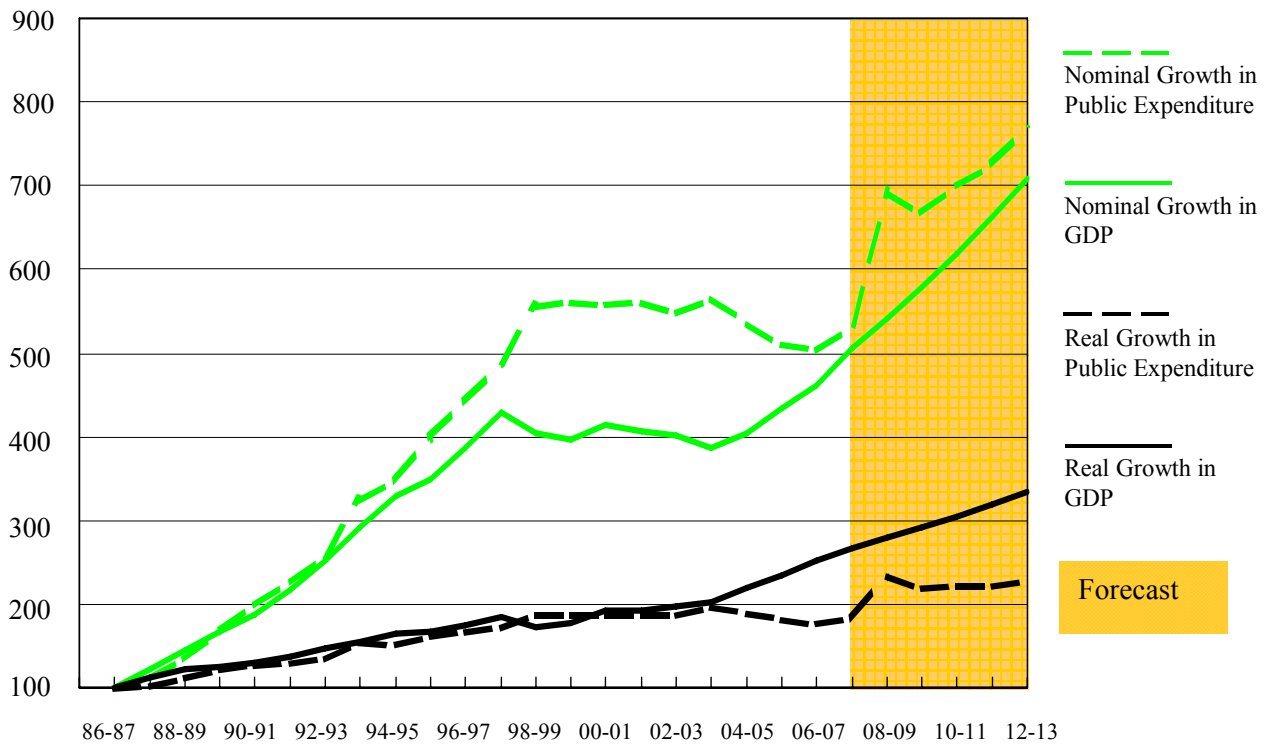
Public Expenditure as a Percentage of GDP



Forecast

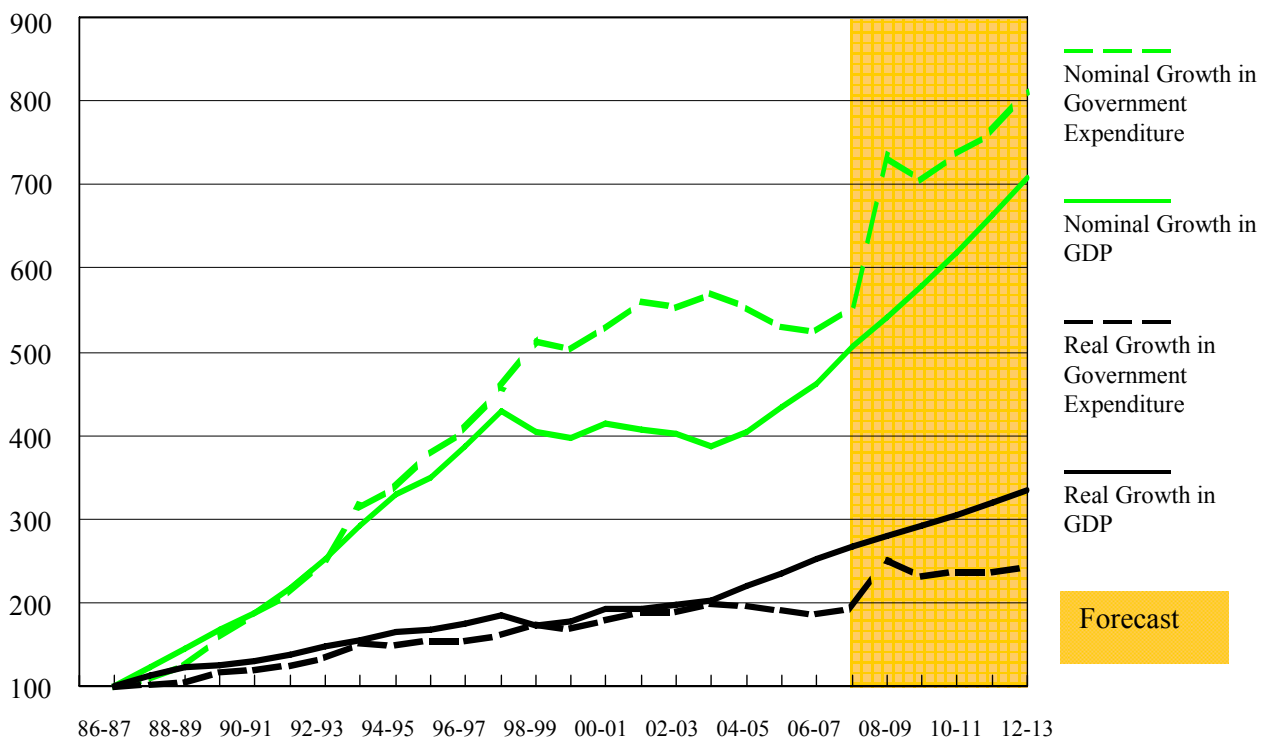
Comparison of Cumulative Growth in Public Expenditure with Cumulative Growth in GDP since the Introduction of Medium Range Forecast

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

	2007–08 Original Estimate \$m	2007–08 Revised Estimate \$m	2008–09 Estimate \$m	Increase/Decrease over 2007–08 Original Estimate in Nominal Terms %	in Real Terms %
Education	50,417	47,592	51,106	1.4	-2.6
Social Welfare	35,988	33,946	37,758	4.9	1.5
Health	30,517	31,631	32,586	6.8	2.4
Security	24,058	24,173	25,375	5.5	1.1
Infrastructure	11,403	11,437	12,046	5.6	2.1
Economic	10,799	10,663	10,755	-0.4	-4.5
Housing	10,246	9,864	9,951	-2.9	-6.5
Environment and Food	8,843	8,609	9,265	4.8	1.2
Community and External Affairs	7,093	7,094	7,566	6.7	3.2
Support	29,765	29,114	31,597	6.2	4.2
	<u>219,129</u>	<u>214,123</u>	<u>228,005</u>	4.1	0.4

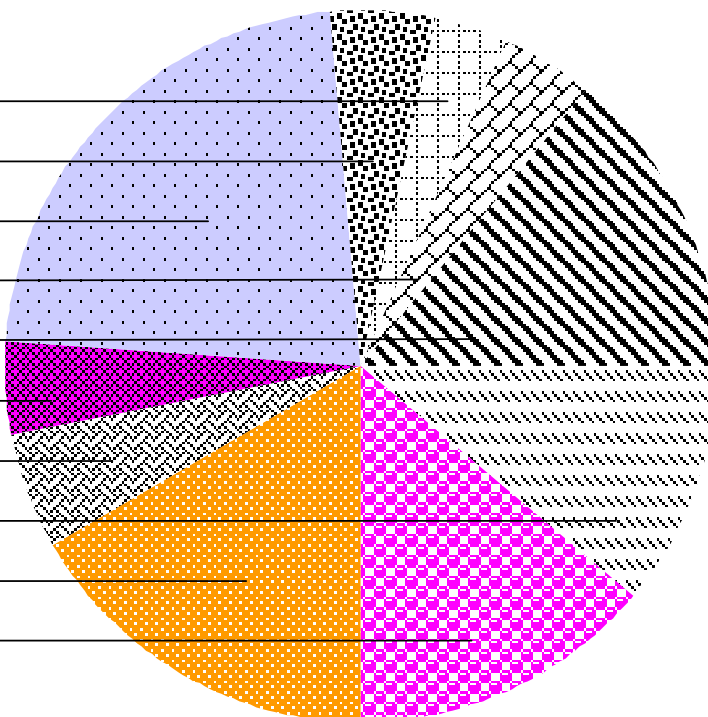
**SECTION II – ANALYSIS OF RECURRENT PUBLIC/GOVERNMENT EXPENDITURE BY
POLICY AREA GROUP**

Recurrent Government Expenditure : Year-on-Year Change

	2007–08 Original Estimate \$m	2007–08 Revised Estimate \$m	2008–09 Estimate \$m	Increase/Decrease over 2007–08 Original Estimate	
				in Nominal Terms %	in Real Terms %
Education	50,417	47,592	51,106	1.4	-2.6
Social Welfare	35,988	33,946	37,758	4.9	1.5
Health	30,517	31,631	32,586	6.8	2.4
Security	24,058	24,173	25,375	5.5	1.1
Infrastructure	11,241	11,266	11,842	5.3	1.8
Environment and Food	8,843	8,609	9,265	4.8	1.2
Community and External Affairs	7,093	7,094	7,566	6.7	3.2
Economic	7,502	7,318	7,363	-1.9	-5.4
Housing	177	179	189	6.4	1.7
Support	29,765	29,114	31,597	6.2	4.2
	<u>205,601</u>	<u>200,922</u>	<u>214,647</u>	4.4	0.8

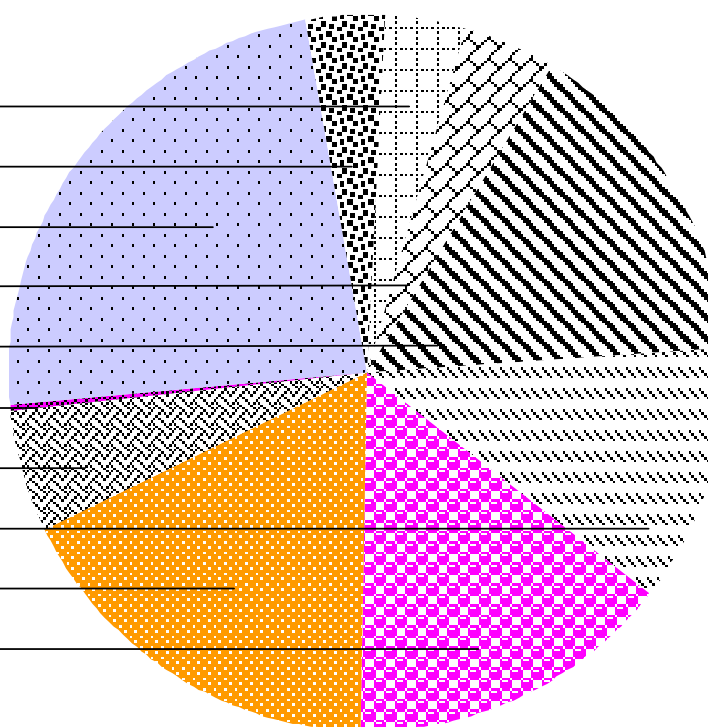
**Percentage Share of Expenditure by Policy Area Group
 Recurrent Public Expenditure : 2008-09 Estimate**

Community and External Affairs	3.3%
Economic	4.7%
Education	22.4%
Environment and Food	4.1%
Health	14.3%
Housing	4.4%
Infrastructure	5.3%
Security	11.1%
Social Welfare	16.6%
Support	13.8%
	100.0%



**Percentage Share of Expenditure by Policy Area Group
 Recurrent Government Expenditure : 2008-09 Estimate**

Community and External Affairs	3.5%
Economic	3.5%
Education	23.8%
Environment and Food	4.3%
Health	15.2%
Housing	0.1%
Infrastructure	5.5%
Security	11.8%
Social Welfare	17.6%
Support	14.7%
	100.0%



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

Total Public Expenditure : Year-on-Year Change

	2007–08 Original Estimate \$m	2007–08 Revised Estimate \$m	2008–09 Estimate \$m	Increase/Decrease over 2007–08 Original Estimate in Nominal Terms %	in Real Terms %
Education	57,555	55,066	77,275	34.3	30.5
Social Welfare	37,373	34,896	39,448	5.6	2.2
Health	32,732	33,533	35,828	9.5	5.3
Community and External Affairs	8,267	8,304	32,582	294.1	290.5
Security	28,937	28,120	28,368	-2.0	-5.7
Economic	15,008	14,020	26,552	76.9	73.6
Infrastructure	23,740	22,905	24,974	5.2	2.5
Housing	15,860	15,014	16,968	7.0	3.7
Environment and Food	12,022	12,115	12,440	3.5	0.3
Support	36,351	31,885	37,647	3.6	1.9
	<u>267,845</u>	<u>255,858</u>	<u>332,082</u>	24.0	20.7

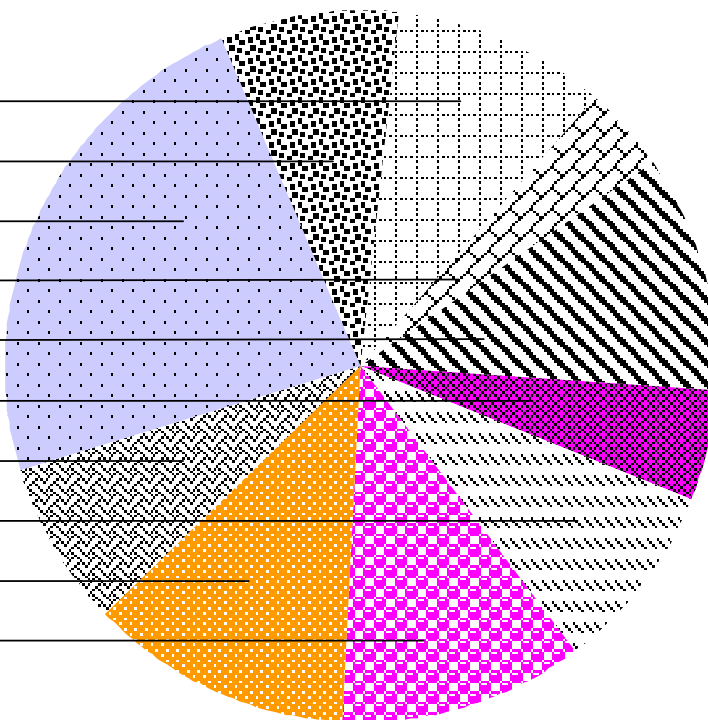
SECTION III – ANALYSIS OF TOTAL PUBLIC/GOVERNMENT EXPENDITURE BY POLICY AREA GROUP

Total Government Expenditure : Year-on-Year Change

	2007–08 Original Estimate \$m	2007–08 Revised Estimate \$m	2008–09 Estimate \$m	Increase/Decrease over 2007–08 Original Estimate in Nominal Terms %	in Real Terms %
Education	57,555	55,066	77,275	34.3	30.5
Social Welfare	37,373	34,896	39,448	5.6	2.2
Health	32,732	33,533	35,828	9.5	5.3
Community and External Affairs	8,267	8,304	32,582	294.1	290.5
Security	28,937	28,120	28,368	-2.0	-5.7
Infrastructure	23,544	22,714	24,734	5.1	2.4
Economic	11,473	10,353	22,872	99.4	96.6
Environment and Food	12,022	12,115	12,440	3.5	0.3
Housing	183	183	1,200	555.2	550.6
Support	36,351	31,885	37,647	3.6	1.9
	<u>248,437</u>	<u>237,169</u>	<u>312,394</u>	<u>25.7</u>	<u>22.5</u>

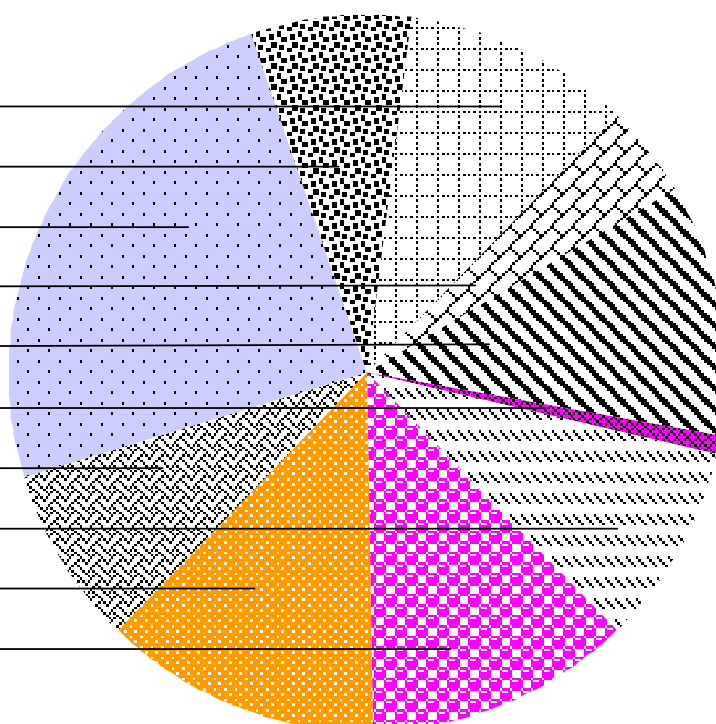
**Percentage Share of Expenditure by Policy Area Group
Total Public Expenditure : 2008-09 Estimate**

Community and External Affairs	9.8%
Economic	8.0%
Education	23.3%
Environment and Food	3.8%
Health	10.8%
Housing	5.1%
Infrastructure	7.5%
Security	8.5%
Social Welfare	11.9%
Support	11.3%
	100.0%



**Percentage Share of Expenditure by Policy Area Group
Total Government Expenditure : 2008-09 Estimate**

Community and External Affairs	10.4%
Economic	7.3%
Education	24.7%
Environment and Food	4.0%
Health	11.5%
Housing	0.4%
Infrastructure	7.9%
Security	9.1%
Social Welfare	12.6%
Support	12.1%
	100.0%



SECTION IV – MAJOR CAPITAL PROJECTS TO BEGIN IN 2008–09

Funds allocated for capital projects to start in 2008–09 include –

\$ million**Infrastructure****48,029**

- Central – Wan Chai Bypass and Island Eastern Corridor Link
- Design and investigations for Tseung Kwan O – Lam Tin Tunnel, Cross Bay Link in Tseung Kwan O, and Tuen Mun – Chek Lap Kok Link and Tuen Mun Western Bypass
- Drainage improvement works in Hong Kong Island, West Kowloon and the New Territories
- Engineering works for Wan Chai development phase 2, and remaining engineering works for West Kowloon Reclamation
- Extension of footbridge network in Tsuen Wan – Footbridge A along Tai Ho Road
- Extension of Road L3 for Kau Hui Development
- Greening master plans for Hong Kong Island and Kowloon West
- Integration of Lion Rock high level fresh water primary service reservoir and Tseung Kwan O primary fresh water service reservoir
- Kai Tak development – advance infrastructure works for developments at the southern part of the former runway
- Laying of western cross harbour main and associated land mains from West Kowloon to Sai Ying Pun
- Ma On Shan Development – Whitehead and Lok Wo Sha phase 1
- Mainlaying along Fanling Highway and near She Shan Tsuen
- Reconstruction and improvement of Tuen Mun Road, and Sha Tin New Town, stage 2 – flyover at junction of Che Kung Miu Road and Hung Mui Kuk Road
- Remaining works of Ping Ha Road improvement (Ha Tsuen section)
- Replacement and rehabilitation of water mains, stages 3 and 4
- Replacement of conventional traffic signals with light emitting diode traffic signals in Hong Kong
- Review studies on Hung Shui Kiu and North East New Territories new development areas
- Salt water supply to Pok Fu Lam area and Northwest New Territories
- Tseung Kwan O further development – infrastructure works for Tseung Kwan O stage 1 landfill site and Pak Shing Kok
- Widening of Tin Ha Road and Tan Kwai Tsuen Road for Hung Shui Kiu Development, Tolo Highway/Fanling Highway between Island House Interchange and Fanling, Tsuen Wan Road between Tsuen Tsing Interchange and Kwai Tsing Interchange, Tuen Mun Road at Tsing Tin Interchange, and Yeung Uk Road between Tai Ho Road and Ma Tau Pa Road

Community and External Affairs**26,751**

- A permanent planning and infrastructure exhibition gallery at City Hall Annex
- Cycle track between Tsuen Wan and Tuen Mun
- Provision of open space in Tung Chung and Choi Wan Road public housing development
- Public library and indoor recreation centre in Area 3, Yuen Long
- Redevelopment of the Hong Kong Sports Institute
- Reprovisioning of sea water pumping facilities for The Hong Kong Academy for Performing Arts
- Siu Sai Wan Complex
- Sports centre in Area 28A, Fanling/Sheung Shui
- Sun Yat Sen Memorial Park and Swimming Pool Complex
- Tseung Kwan O Complex
- Upfront endowment to the West Kowloon Cultural District Authority, and establishment and running of an interim M+

	\$ million
Education	2,686
— Construction, extension and redevelopment/reprovisioning of 12 primary, secondary and special schools	
— New Academic Building and extension to the existing Academic Building of The Hong Kong University of Science and Technology	
— Student Amenity Centre, 1 500-place student hostel and two integrated teaching buildings of The Chinese University of Hong Kong	
Economic	2,235
— Development of Government Helipad at the Hong Kong Convention and Exhibition Centre	
— Enhancement of footbridges in Tsim Sha Tsui East	
— Enhancement of public facilities at Ngong Ping, Lantau	
— HKSAR's participation in the World Exposition 2010 Shanghai China	
— New Civil Aviation Department headquarters	
Environment and Food	2,075
— Conversion of aqua privies into flushing toilets – phase 5	
— Harbour Area Treatment Scheme, stage 2A – construction of advance disinfection facilities at Stonecutters Island sewage treatment works	
— Integrated waste management facilities – planning and design	
— Sewerage in Central and East Kowloon, Tolo Harbour, Lam Tsuen Valley, North District and Port Shelter	
— Tai Po Tai Wo Road sewage pumping station and rising mains	

SECTION V – TRENDS IN PUBLIC EXPENDITURE : 2003–04 TO 2008–09

Introduction

1 This section presents trends in public expenditure over the period 2003–04 to 2008–09. 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 2008–09 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 2003–04 to 2008–09

Policy Area Groups	Actual				Revised Estimate	Estimate
	2003–04	2004–05	2005–06	2006–07	2007–08	2008–09
	%	%	%	%	%	%
Education	22.4	22.0	22.2	22.0	22.2	22.4
Social Welfare	15.1	15.5	15.9	16.0	15.9	16.6
Health	15.0	14.7	14.6	14.7	14.8	14.3
Security	11.3	11.2	11.1	11.1	11.3	11.1
Infrastructure	5.5	5.5	5.6	5.4	5.3	5.3
Economic	4.9	4.9	5.1	5.0	5.0	4.7
Housing	5.1	5.0	5.3	5.1	4.6	4.4
Environment and Food	3.9	3.7	3.7	3.9	4.0	4.1
Community and External Affairs	3.3	3.2	3.3	3.3	3.3	3.3
Support	13.5	14.3	13.2	13.5	13.6	13.8
	100.0	100.0	100.0	100.0	100.0	100.0
	\$m	\$m	\$m	\$m	\$m	\$m
Total Recurrent Public Expenditure	211,102	205,426	200,710	203,162	214,123	228,005

Total Public Expenditure by Policy Area Group 2003–04 to 2008–09

Policy Area Groups	Actual				Revised Estimate	Estimate
	2003–04	2004–05	2005–06	2006–07	2007–08	2008–09
	%	%	%	%	%	%
Education	21.1	21.2	22.2	21.5	21.5	23.3
Social Welfare	12.3	12.9	13.6	13.9	13.6	11.9
Health	12.6	12.5	12.9	13.3	13.1	10.8
Community and External Affairs	3.0	3.1	3.2	3.3	3.2	9.8
Security	9.9	9.9	10.1	10.4	11.0	8.5
Economic	5.1	4.9	5.1	5.3	5.5	8.0
Infrastructure	10.9	12.0	11.0	9.7	9.0	7.5
Housing	9.2	7.0	6.3	6.1	5.9	5.1
Environment and Food	4.0	4.0	3.9	4.2	4.7	3.8
Support	11.9	12.5	11.7	12.3	12.5	11.3
	100.0	100.0	100.0	100.0	100.0	100.0
	\$m	\$m	\$m	\$m	\$m	\$m
Total Public Expenditure	271,098	257,137	244,982	241,744	255,858	332,082

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 and Conservation, Power and Sustainable Development	23
Health	Health	15
Housing	Housing	31
Infrastructure	Buildings, Lands, Planning and Heritage Conservation	22
	Land and Waterborne Transport	21
	Water Supply	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.