

# **APPENDIX B**

## **ANALYSIS OF EXPENDITURE AND REVENUE**

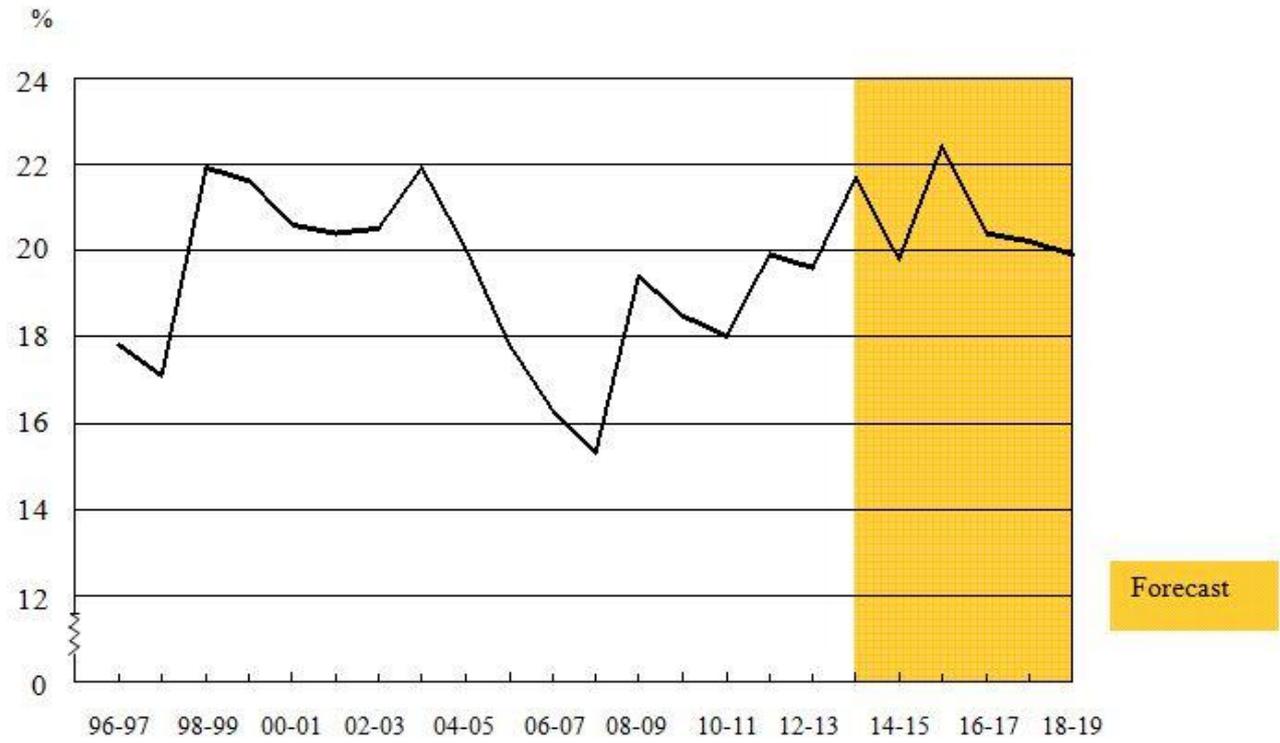


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**SECTION I THE ESTIMATES IN THE CONTEXT OF THE ECONOMY****Relationship between Government Expenditure, Public Expenditure and GDP**

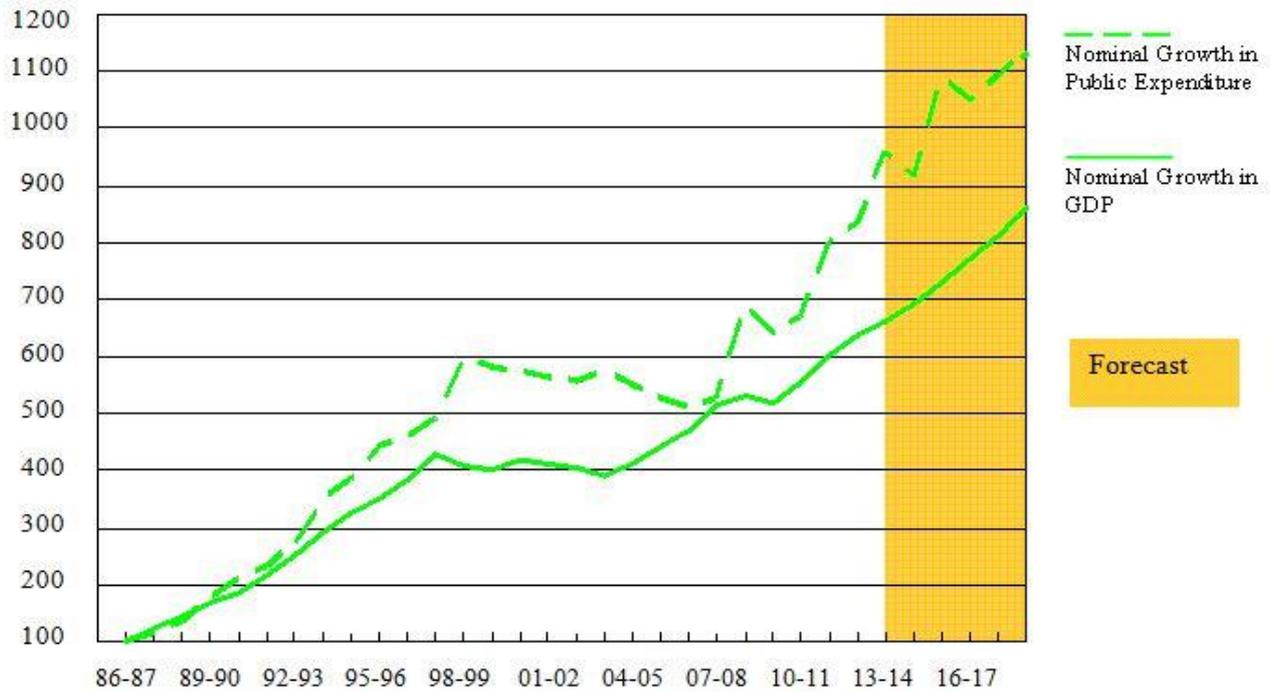
	<b>2014-15 Estimate \$m</b>
General Revenue Account	
Operating	325,000
Capital	3,329
	<hr/> 328,329
Capital Investment Fund	12
Capital Works Reserve Fund	76,854
Innovation and Technology Fund	882
Loan Fund	4,079
Lotteries Fund	1,007
	<hr/> 411,163
Government Expenditure	
Trading Funds	5,041
Housing Authority	23,834
	<hr/> 440,038
Public Expenditure	
	<hr/>
GDP	2,218,000
Public Expenditure in terms of percentage of GDP	19.8%

Public Expenditure in terms of Percentage of GDP



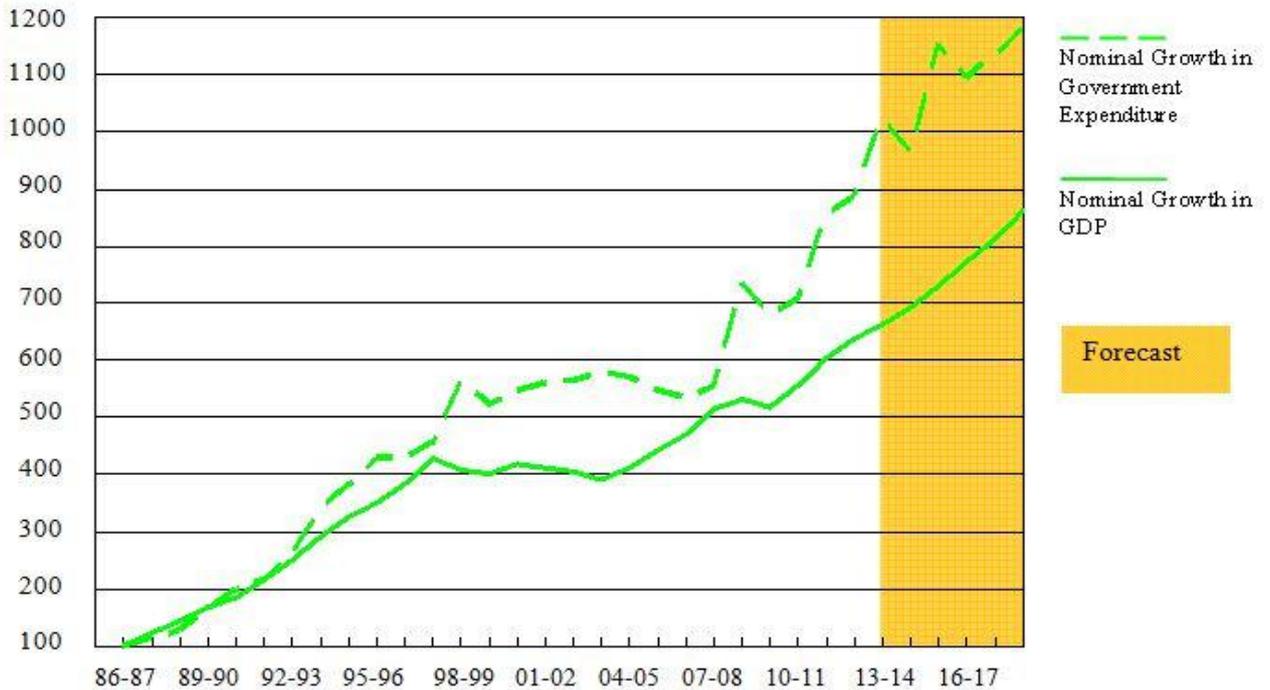
Comparison of Cumulative Growth in Public Expenditure with Cumulative Growth in GDP since the Introduction of Medium Range Forecast

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**

	2012-13 Actual \$m	2013-14 Revised Estimate \$m	2014-15 Estimate \$m	Increase/Decrease over 2013-14 Revised Estimate	
				in Nominal Terms %	in Real Terms %
<b>Education</b>	60,449	63,752	<b>67,131</b>	<b>5.3</b>	<b>5.0</b>
<b>Social Welfare</b>	42,813	51,892	<b>56,908</b>	<b>9.7</b>	<b>6.8</b>
<b>Health</b>	46,226	49,768	<b>52,373</b>	<b>5.2</b>	<b>5.0</b>
<b>Security</b>	31,377	32,836	<b>34,293</b>	<b>4.4</b>	<b>4.2</b>
<b>Infrastructure</b>	17,177	18,018	<b>18,788</b>	<b>4.3</b>	<b>2.9</b>
<b>Economic</b>	12,992	14,020	<b>14,567</b>	<b>3.9</b>	<b>2.9</b>
<b>Environment and Food</b>	11,100	11,770	<b>13,042</b>	<b>10.8</b>	<b>10.2</b>
<b>Housing</b>	10,672	12,138	<b>12,828</b>	<b>5.7</b>	<b>3.5</b>
<b>Community and External Affairs</b>	9,192	9,763	<b>10,370</b>	<b>6.2</b>	<b>5.6</b>
<b>Support</b>	35,176	37,848	<b>44,413</b>	<b>17.3</b>	<b>15.1</b>
	<u>277,174</u>	<u>301,805</u>	<u><b>324,713</b></u>	<b>7.6</b>	<b>6.4</b>

**Nominal GDP growth in 2014**

**4% to 5%**

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

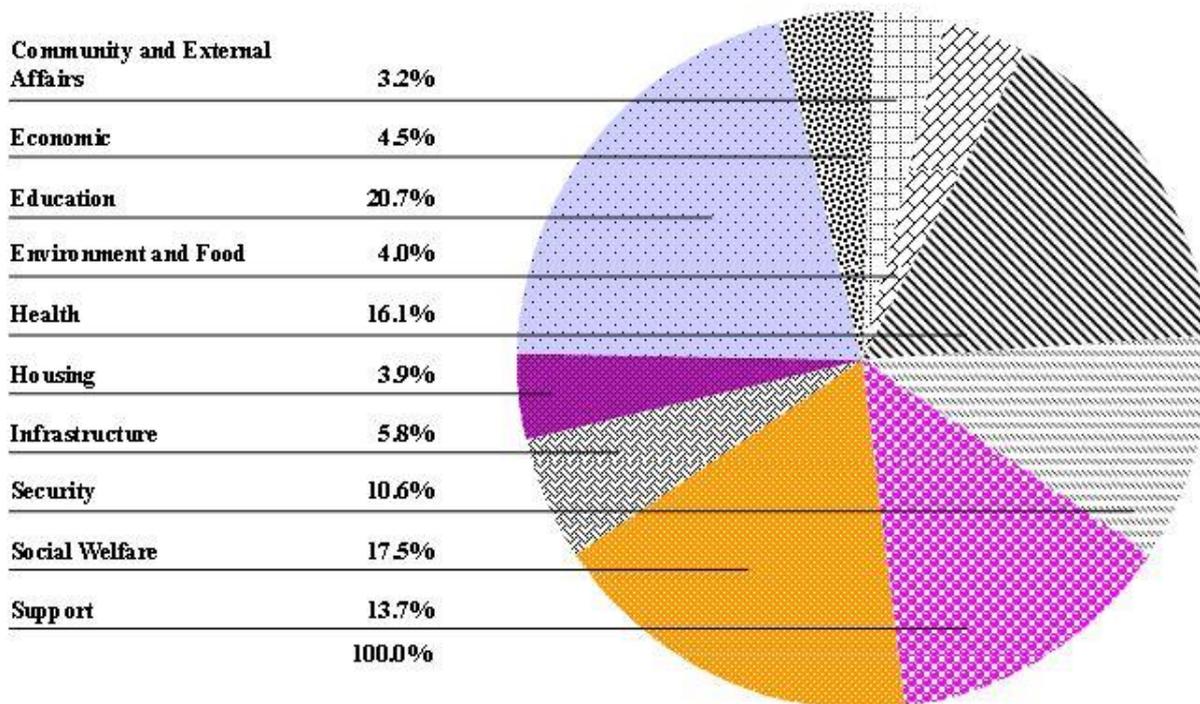
**Recurrent Government Expenditure : Year-on-Year Change**

	2012–13 Actual \$m	2013–14 Revised Estimate \$m	2014–15 Estimate \$m	Increase/Decrease over 2013–14 Revised Estimate	
				in Nominal Terms %	in Real Terms %
<b>Education</b>	60,449	63,752	<b>67,131</b>	<b>5.3</b>	<b>5.0</b>
<b>Social Welfare</b>	42,813	51,892	<b>56,908</b>	<b>9.7</b>	<b>6.8</b>
<b>Health</b>	46,226	49,768	<b>52,373</b>	<b>5.2</b>	<b>5.0</b>
<b>Security</b>	31,377	32,836	<b>34,293</b>	<b>4.4</b>	<b>4.2</b>
<b>Infrastructure</b>	17,021	17,849	<b>18,583</b>	<b>4.1</b>	<b>2.8</b>
<b>Economic</b>	8,717	9,402	<b>9,983</b>	<b>6.2</b>	<b>5.7</b>
<b>Environment and Food</b>	11,100	11,770	<b>13,042</b>	<b>10.8</b>	<b>10.2</b>
<b>Housing</b>	250	285	<b>337</b>	<b>18.2</b>	<b>18.1</b>
<b>Community and External Affairs</b>	9,192	9,763	<b>10,370</b>	<b>6.2</b>	<b>5.6</b>
<b>Support</b>	35,176	37,848	<b>44,413</b>	<b>17.3</b>	<b>15.1</b>
	<u>262,321</u>	<u>285,165</u>	<u><b>307,433</b></u>	<b>7.8</b>	<b>6.7</b>

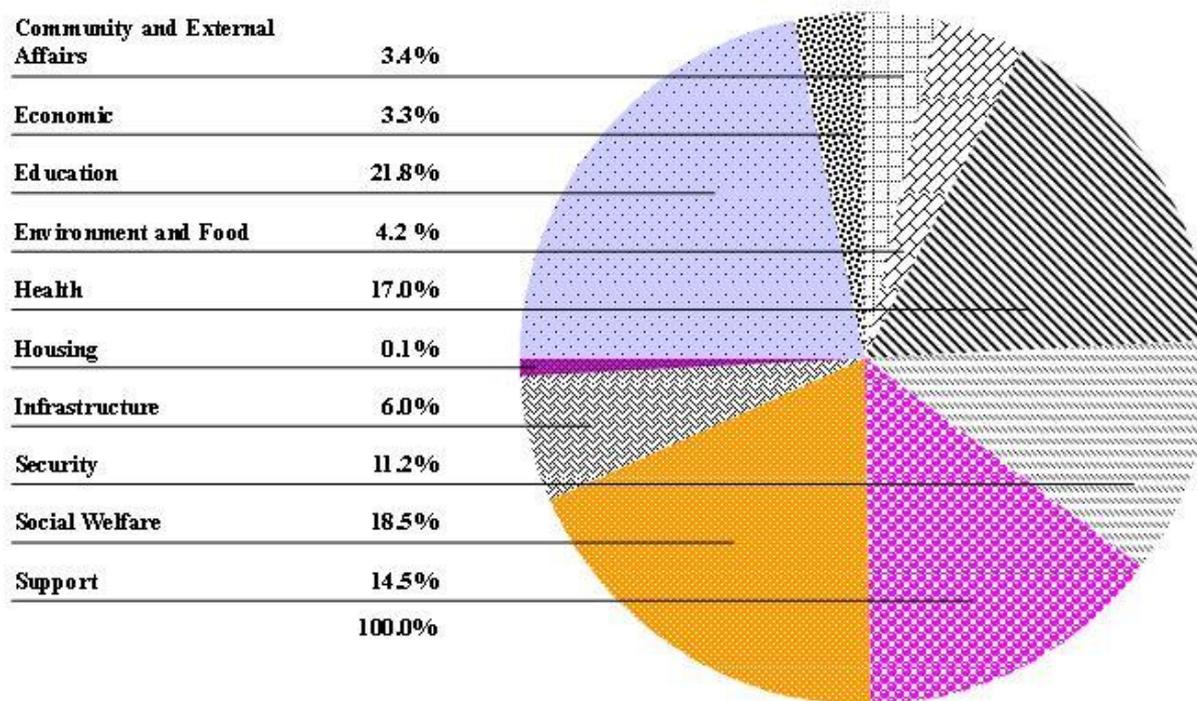
**Nominal GDP growth in 2014**

**4% to 5%**

Percentage Share of Expenditure by Policy Area Group  
 Recurrent Public Expenditure : 2014-15 Estimate



Percentage Share of Expenditure by Policy Area Group  
 Recurrent Government Expenditure : 2014-15 Estimate



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

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

	2012–13 Actual \$m	2013–14 Revised Estimate \$m	2014–15 Estimate \$m	Increase/Decrease over 2013–14 Revised Estimate	
				in Nominal Terms %	in Real Terms %
<b>Education</b>	76,600	76,856	<b>75,372</b>	<b>-1.9</b>	<b>-2.4</b>
<b>Social Welfare</b>	45,894	55,543	<b>61,906</b>	<b>11.5</b>	<b>8.7</b>
<b>Health</b>	59,572	67,369	<b>56,667</b>	<b>-15.9</b>	<b>-16.3</b>
<b>Security</b>	33,937	35,278	<b>38,689</b>	<b>9.7</b>	<b>9.0</b>
<b>Infrastructure</b>	61,695	74,620	<b>78,165</b>	<b>4.8</b>	<b>0.1</b>
<b>Economic</b>	33,298	37,367	<b>21,438</b>	<b>-42.6</b>	<b>-43.4</b>
<b>Environment and Food</b>	18,911	24,246	<b>23,006</b>	<b>-5.1</b>	<b>-6.8</b>
<b>Housing</b>	20,501	23,145	<b>25,311</b>	<b>9.4</b>	<b>5.5</b>
<b>Community and External Affairs</b>	13,228	27,784	<b>12,769</b>	<b>-54.0</b>	<b>-54.7</b>
<b>Support</b>	36,543	39,245	<b>46,715</b>	<b>19.0</b>	<b>16.8</b>
	<u>400,179</u>	<u>461,453</u>	<u><b>440,038</b></u>	<b>-4.6</b>	<b>-6.5</b>

Nominal GDP growth in 2014

4% to 5%

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

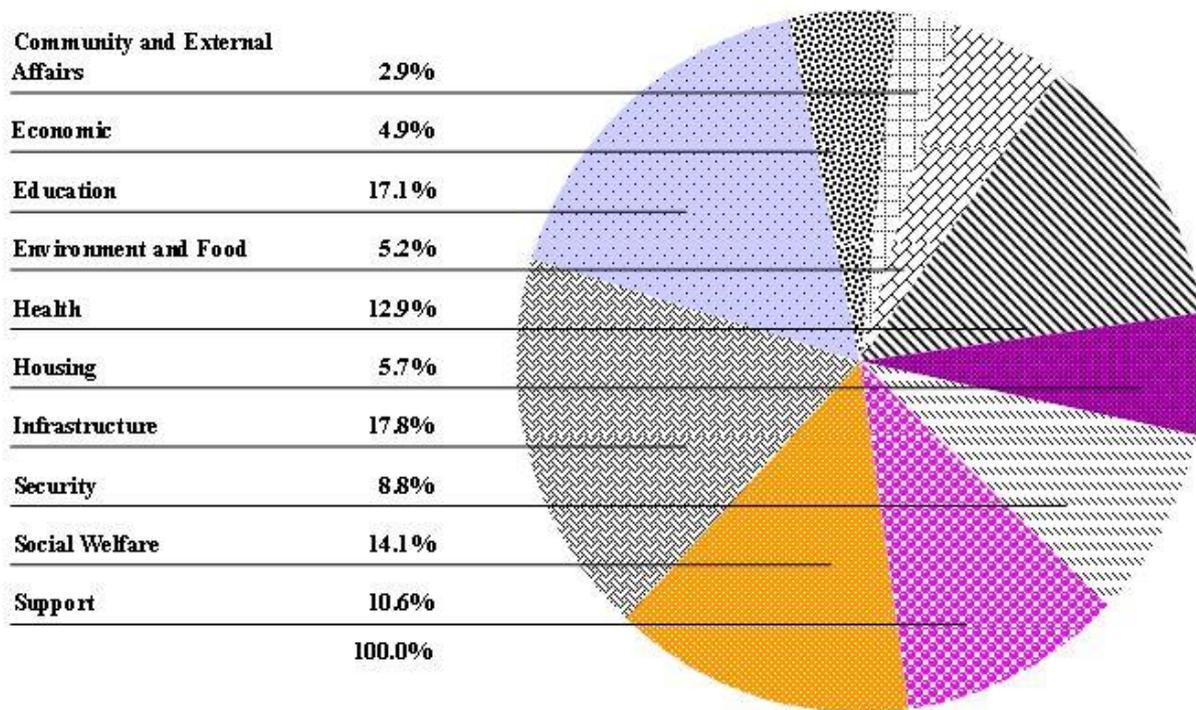
**Total Government Expenditure : Year-on-Year Change**

	2012–13 Actual \$m	2013–14 Revised Estimate \$m	2014–15 Estimate \$m	Increase/Decrease over 2013–14 Revised Estimate	
				in Nominal Terms %	in Real Terms %
<b>Education</b>	76,600	76,856	<b>75,372</b>	<b>-1.9</b>	<b>-2.4</b>
<b>Social Welfare</b>	45,894	55,543	<b>61,906</b>	<b>11.5</b>	<b>8.7</b>
<b>Health</b>	59,572	67,369	<b>56,667</b>	<b>-15.9</b>	<b>-16.3</b>
<b>Security</b>	33,937	35,278	<b>38,689</b>	<b>9.7</b>	<b>9.0</b>
<b>Infrastructure</b>	61,532	74,433	<b>77,950</b>	<b>4.7</b>	<b>0.1</b>
<b>Economic</b>	28,948	32,567	<b>16,612</b>	<b>-49.0</b>	<b>-49.5</b>
<b>Environment and Food</b>	18,911	24,246	<b>23,006</b>	<b>-5.1</b>	<b>-6.8</b>
<b>Housing</b>	2,159	2,470	<b>1,477</b>	<b>-40.2</b>	<b>-40.4</b>
<b>Community and External Affairs</b>	13,228	27,784	<b>12,769</b>	<b>-54.0</b>	<b>-54.7</b>
<b>Support</b>	36,543	39,245	<b>46,715</b>	<b>19.0</b>	<b>16.8</b>
	<u>377,324</u>	<u>435,791</u>	<u><b>411,163</b></u>	<b>-5.7</b>	<b>-7.4</b>

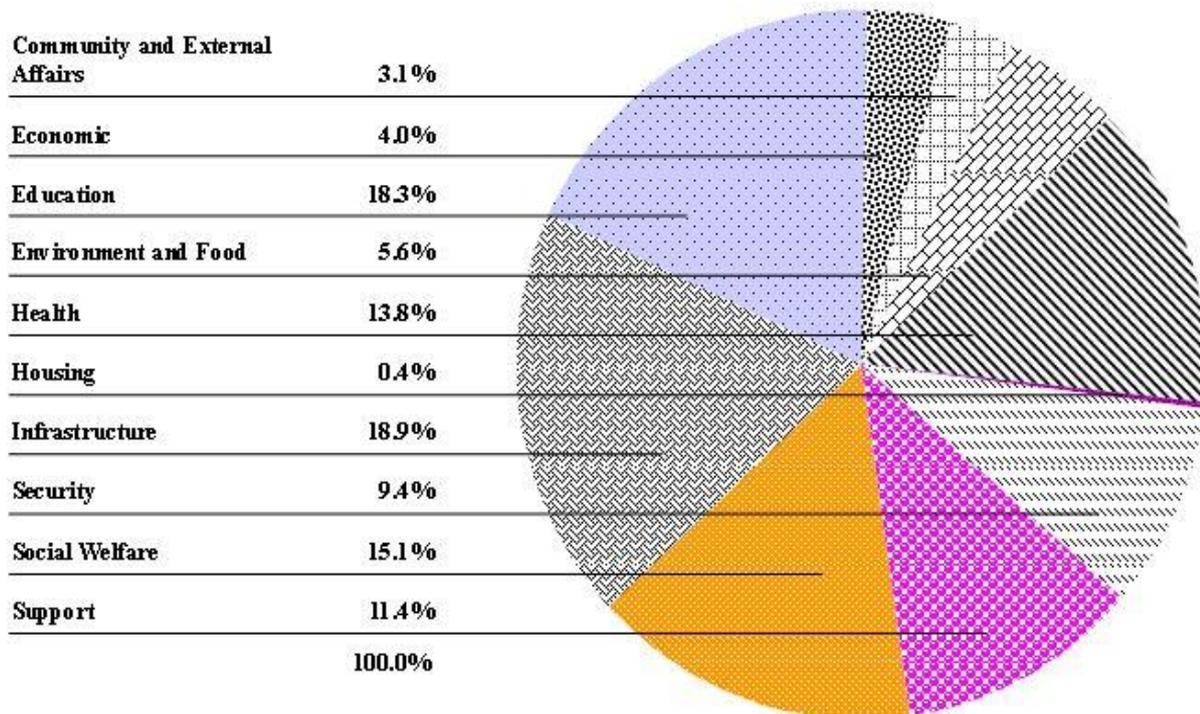
Nominal GDP growth in 2014

4% to 5%

Percentage Share of Expenditure by Policy Area Group  
Total Public Expenditure: 2014-15 Estimate



Percentage Share of Expenditure by Policy Area Group  
Total Government Expenditure: 2014-15 Estimate



**SECTION IV MAJOR CAPITAL PROJECTS ESTIMATED TO BEGIN IN 2014-15**

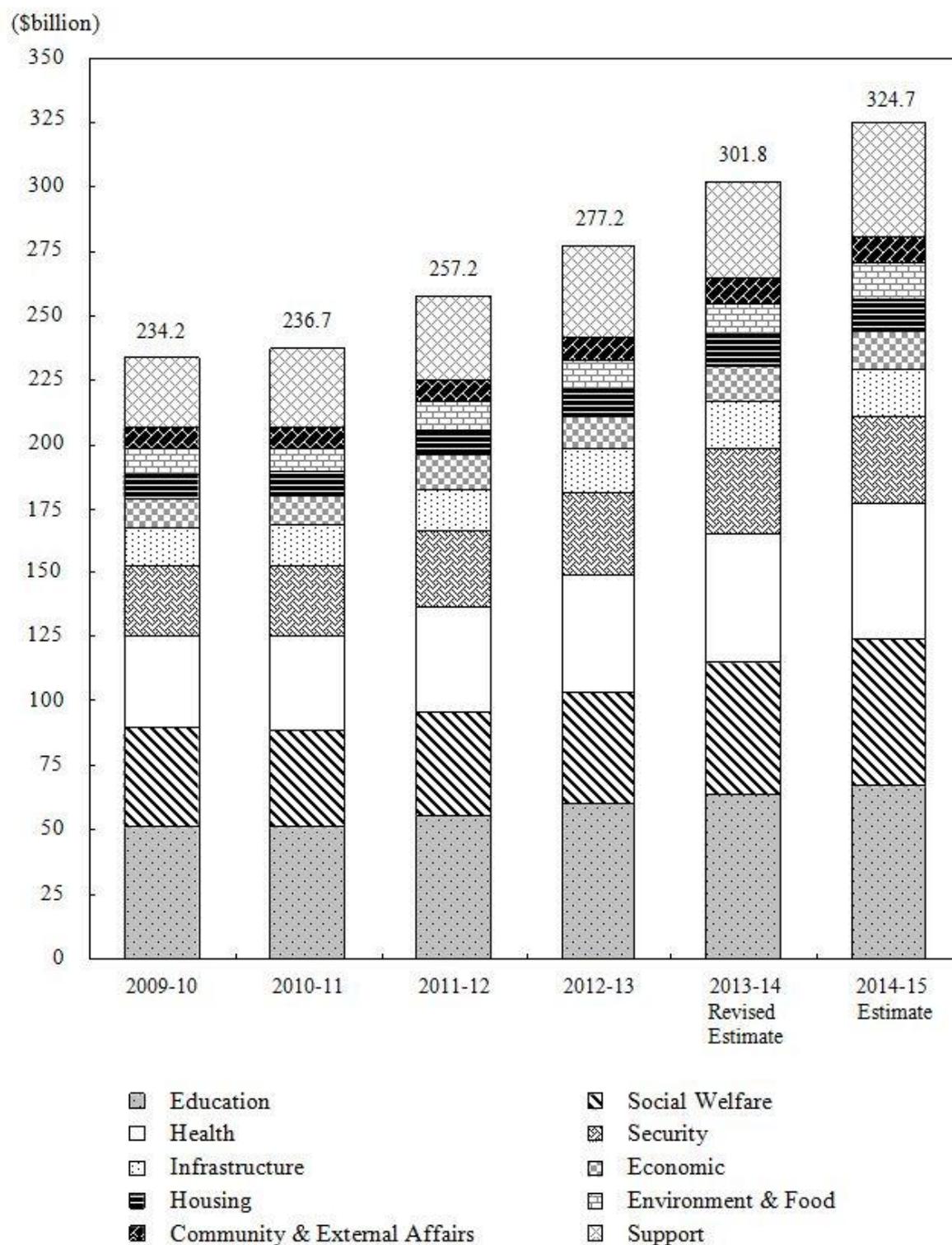
Major capital projects estimated to begin in 2014-15 include –

	<b>Project Estimates \$ million</b>
<b>Infrastructure</b>	<b>8,405</b>
— Advance site formation and engineering infrastructure works at Kwu Tung North new development area and Fanling North new development area—detailed design and site investigation	
— Construction of additional floors at Central Piers Nos. 4, 5 and 6	
— Cross Bay Link, Tseung Kwan O—detailed design and site investigation	
— Development of Anderson Road Quarry site—detailed design and site investigations	
— Feasibility study on relocation of Diamond Hill fresh water and salt water service reservoirs to caverns	
— Footbridge across Po Yap Road linking Tseung Kwan O Area 55 and Area 65	
— Greening master plans for the New Territories South East and North West—priority greening works	
— Integrated basement for West Kowloon Cultural District—design, site investigation and advance works	
— Ma On Shan development—roads, drainage and sewerage works at Whitehead and Lok Wo Sha, phase 2	
— Main engineering infrastructure in association with the proposed developments in Area 56, Tung Chung	
— Pilot study on underground space development in selected strategic urban areas	
— Planning and engineering study on Sunny Bay reclamation	
— Planning, engineering and architectural study for topside development at Hong Kong boundary crossing facilities island of Hong Kong–Zhuhai–Macao Bridge	
— Reprovisioning of Harcourt Road fresh water pumping station	
— Retrofitting of noise barriers on Tuen Mun Road (Town Centre Section)	
— Road improvement works in West Kowloon reclamation development, phase 1	
— Strategic studies for artificial islands in the central waters	
<b>Environment and Food</b>	<b>5,963</b>
— Development of waste electrical and electronic equipment treatment and recycling facility	
— Feasibility study on relocation of Sai Kung sewage treatment works to caverns	
— Feasibility study on relocation of Sham Tseng sewage treatment works to caverns	
— Organic waste treatment facilities phase 1	
— Relocation of Sha Tin sewage treatment works to caverns—consultants’ fees and investigation	
— Reprovisioning of Food and Environmental Hygiene Department Sai Yee Street Environmental Hygiene Offices-cum-Vehicle Depot at Yen Ming Road, West Kowloon Reclamation Area	
— Shek Wu Hui sewage treatment works—further expansion phase 1A—advance works, consultants’ fees and investigation	
— Tuen Mun sewerage—Castle Peak Road trunk sewer and Tuen Mun village sewerage	
— West New Territories landfill extension—consultants’ fees and investigations	
<b>Security</b>	<b>3,610</b>
— Construction of departmental quarters for Customs and Excise Department at Yau Yue Wan Village Road, Tseung Kwan O, Kowloon	
— Kowloon East Regional Headquarters and Operational Base-cum-Ngau Tau Kok Divisional Police Station	

	<b>Project Estimates \$ million</b>
<b>Community and External Affairs</b>	<b>3,366</b>
— Community hall at Sau Ming Road, Kwun Tong	
— Lei Yue Mun Waterfront Enhancement Project—construction of a public landing facility	
— Lei Yue Mun Waterfront Enhancement Project—development of a waterfront promenade and related improvement works	
— Renovation of Hong Kong Museum of Art	
— Re-provisioning of Pak Tin community hall and special child care centre-cum-early education and training centre in Pak Tin Estate redevelopment site, and construction of footbridge link at Nam Cheong Street, Sham Shui Po	
— Sports centre in Area 14 (Siu Lun), Tuen Mun	
— Sports centre in Area 24D, Sha Tin	
<b>Health</b>	<b>2,216</b>
— Redevelopment of Queen Mary Hospital (phase 1)—preparatory works	
— Refurbishment of Hong Kong Buddhist Hospital	
<b>Education</b>	<b>1,247</b>
— A 36-classroom primary school in Area 36, Fanling	
— A school for social development for girls at Choi Hing Road, Kwun Tong, Kowloon	
— Two special schools at site 5C-5, Kai Tak development, Kowloon	

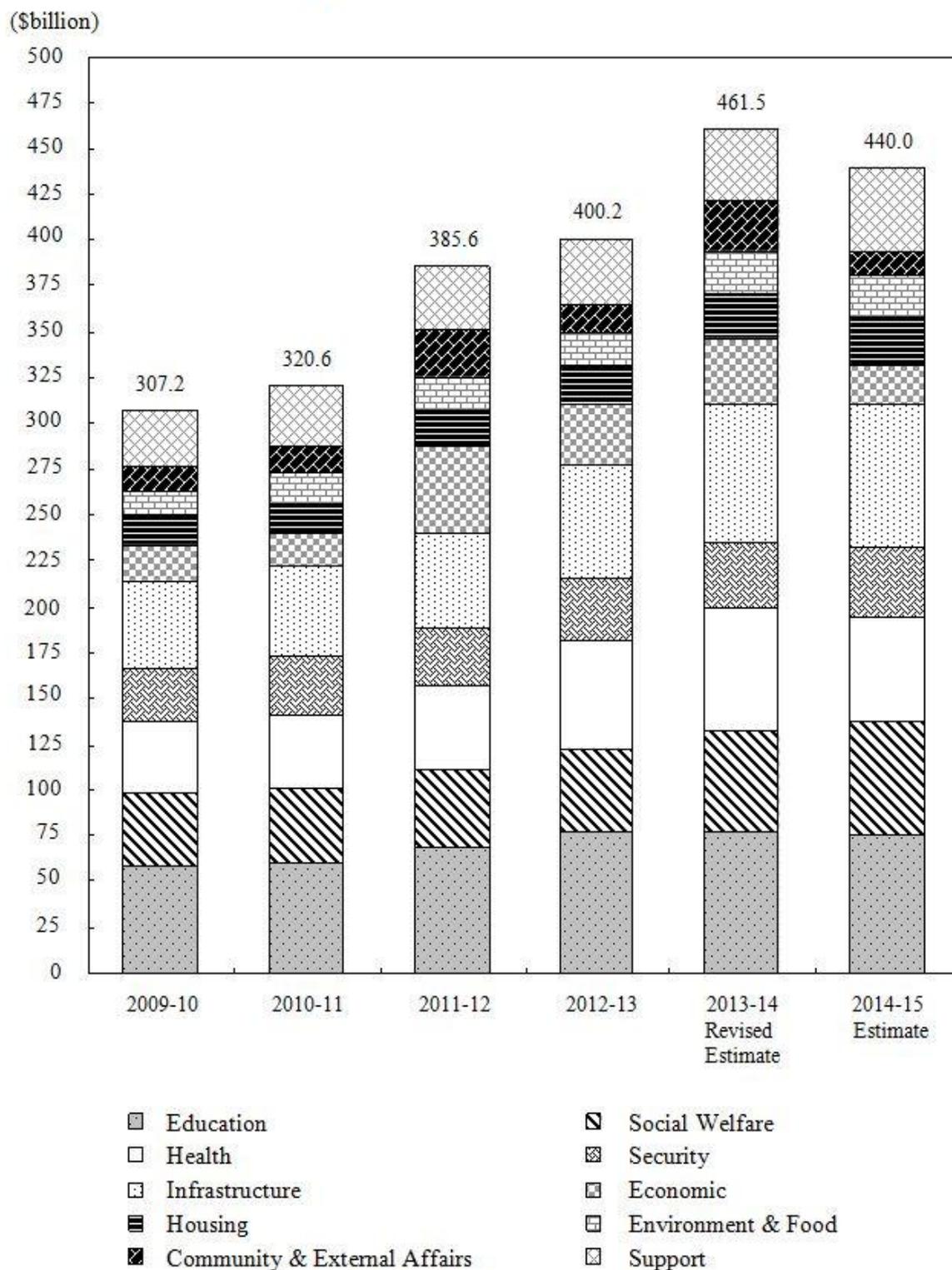
**SECTION V TRENDS IN PUBLIC EXPENDITURE : 2009-10 TO 2014-15**

Recurrent Public Expenditure by Policy Area Group 2009-10 to 2014-15



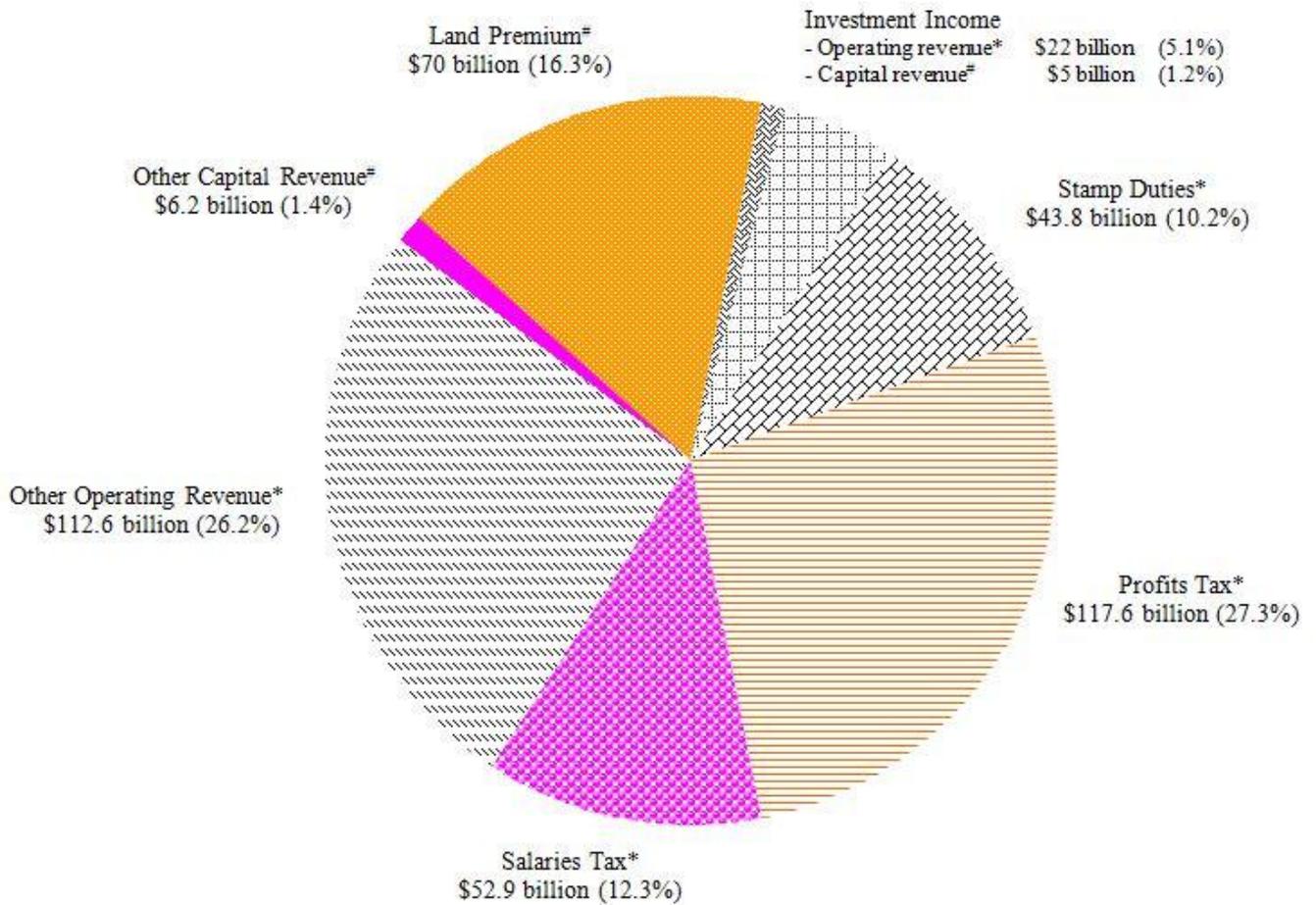
**SECTION V TRENDS IN PUBLIC EXPENDITURE : 2009-10 TO 2014-15**

**Total Public Expenditure by Policy Area Group 2009-10 to 2014-15**



**SECTION VI ANALYSIS OF GOVERNMENT REVENUE**

2014-15 Estimate (\$430.1 billion)



\* Operating Revenue \$348.9 billion (81.1%)

# Capital Revenue \$81.2 billion (18.9%)

**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 2014-15 Estimates. The index further provides details, by head of expenditure, of individual programmes which contribute to a policy area.