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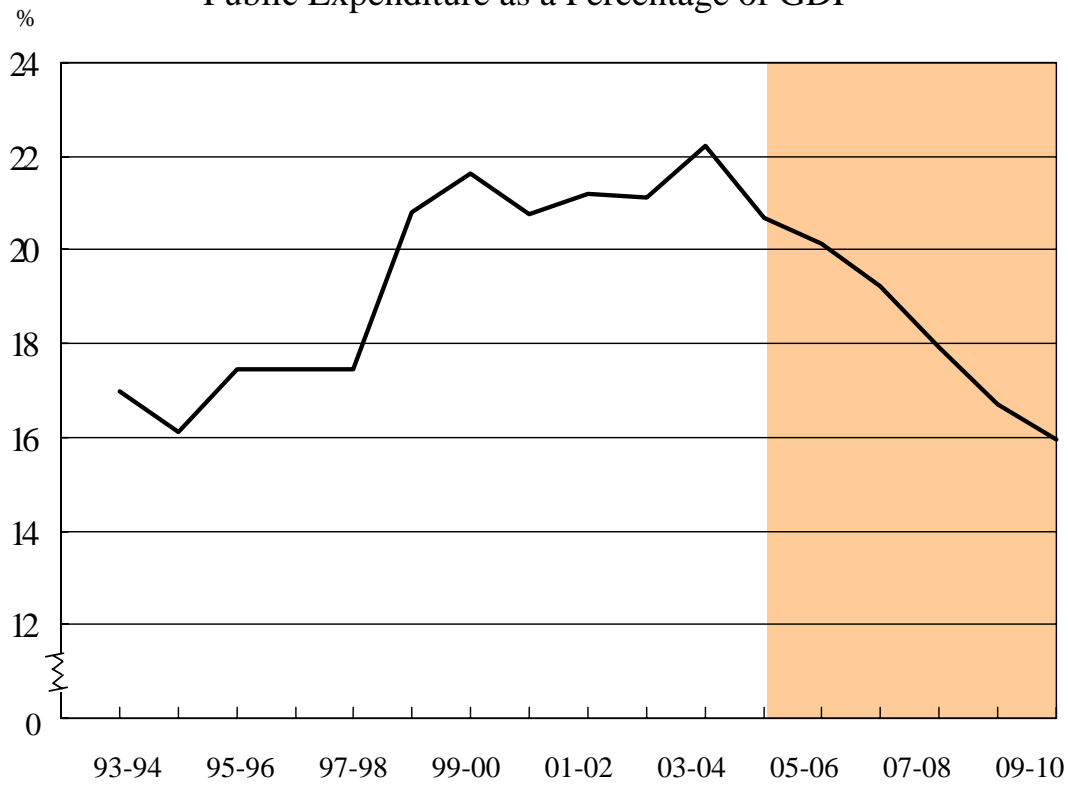
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SECTION I - THE ESTIMATES IN THE CONTEXT OF THE ECONOMY

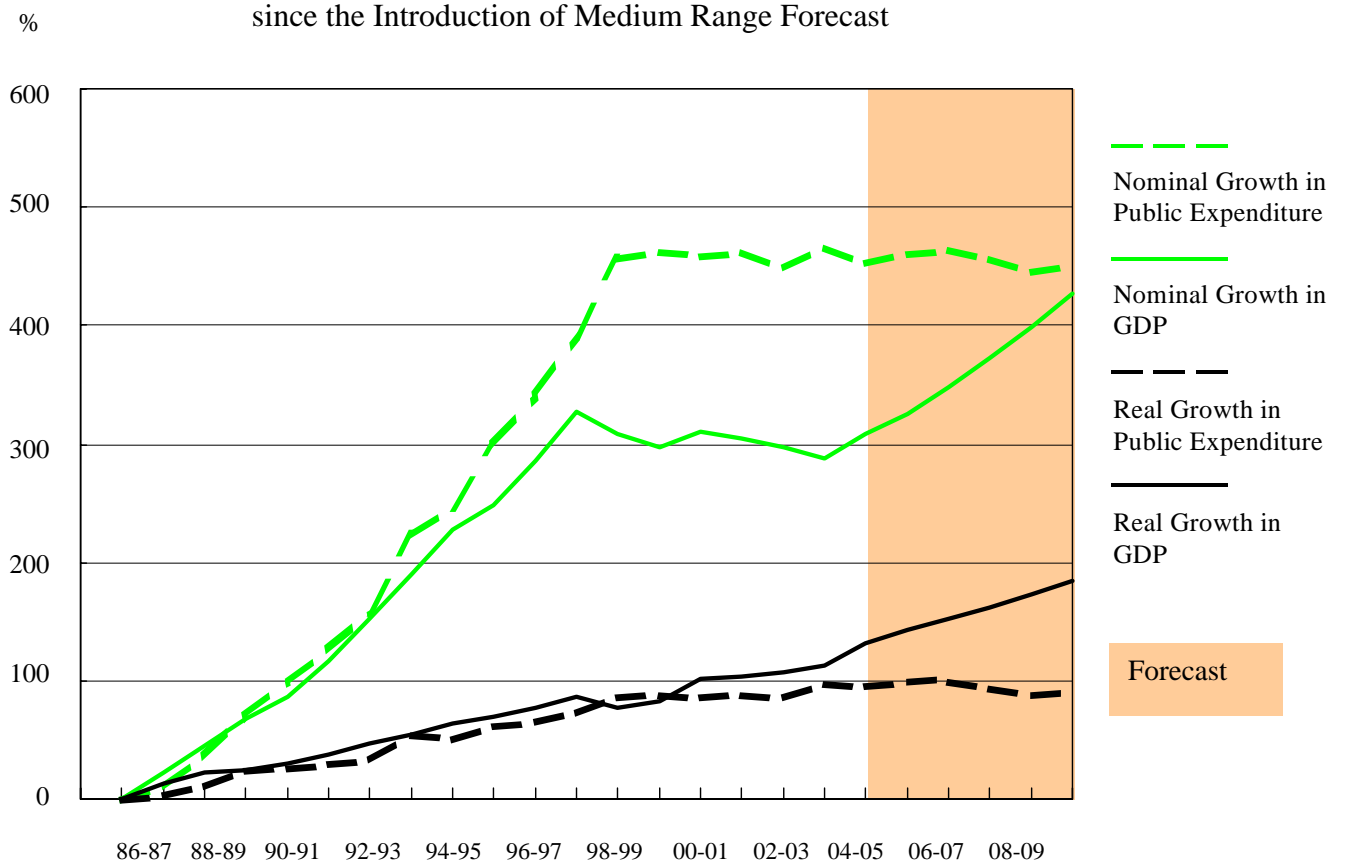
Relationship between Government Expenditure, Public Expenditure in 2005–06 and GDP

	2005-06 Estimate \$m
General Revenue Account	
Operating	208,000
Capital	1,628
	<hr/> 209,628
Capital Works Reserve Fund	32,888
Loan Fund	3,259
Lotteries Fund	1,208
Innovation and Technology Fund	809
	<hr/> 247,792
Government Expenditure	
Trading Funds	3,109
Housing Authority	17,689
	<hr/> 268,590
Public Expenditure	
	<hr/> 1,332,877
GDP	
Public Expenditure as a % of GDP	20.2%

Public Expenditure as a Percentage of GDP



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



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

Recurrent Public Expenditure : Year-on-Year Change

	2004-05 Original Estimate \$m	2004-05 Revised Estimate \$m	2005-06 Estimate \$m	Increase/Decrease over 2004-05 Original Estimate	
				in Nominal Terms %	in Real Terms %
Education	49,189	45,535	48,680	-1.0	0.3
Social Welfare	33,715	32,575	34,318	1.8	2.8
Health	30,325	30,208	29,432	-3.0	-1.1
Security	23,949	23,405	23,156	-3.3	-1.7
Housing	12,806	10,980	11,175	-12.7	-13.5
Infrastructure	11,367	11,244	11,131	-2.1	-1.5
Economic	10,844	10,636	10,753	-0.8	0
Environment and Food	8,198	7,759	7,864	-4.1	-3.6
Community and External Affairs	7,116	6,937	6,817	-4.2	-4.1
Support	31,296	30,152	29,524	-5.7	-5.8
	<u>218,805</u>	<u>209,431</u>	<u>212,850</u>	-2.7	-1.8

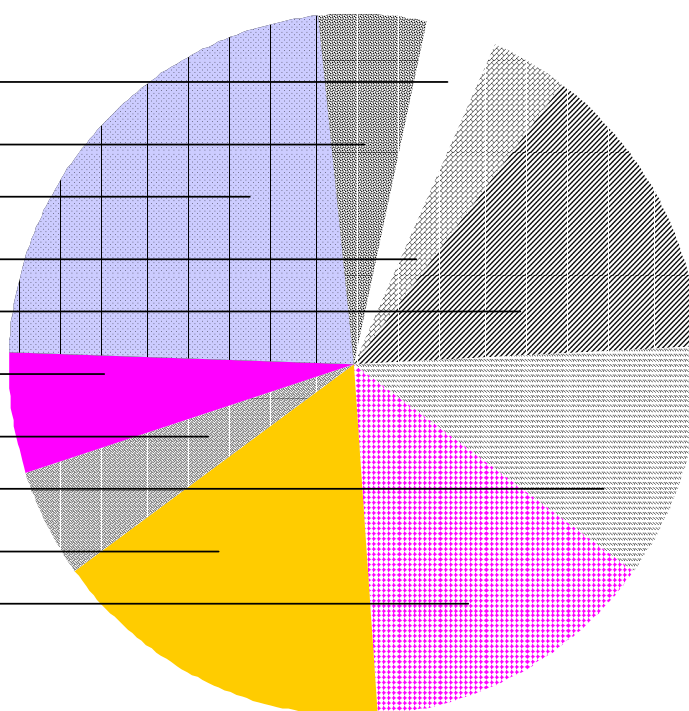
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Recurrent Government Expenditure : Year-on-Year Change

	2004-05 Original Estimate \$m	2004-05 Revised Estimate \$m	2005-06 Estimate \$m	Increase/Decrease over 2004-05 Original Estimate	
				in Nominal Terms %	in Real Terms %
Education	49,189	45,535	48,680	-1.0	0.3
Social Welfare	33,715	32,575	34,318	1.8	2.8
Health	30,325	30,208	29,432	-3.0	-1.1
Security	23,949	23,405	23,156	-3.3	-1.7
Infrastructure	11,248	11,114	10,991	-2.3	-1.7
Economic	7,978	7,744	7,929	-0.6	0.2
Environment and Food	8,198	7,759	7,864	-4.1	-3.6
Community and External Affairs	7,116	6,937	6,817	-4.2	-4.1
Housing	455	422	406	-10.8	-8.7
Support	31,296	30,152	29,524	-5.7	-5.8
	<u>203,469</u>	<u>195,851</u>	<u>199,117</u>	-2.1	-1.1

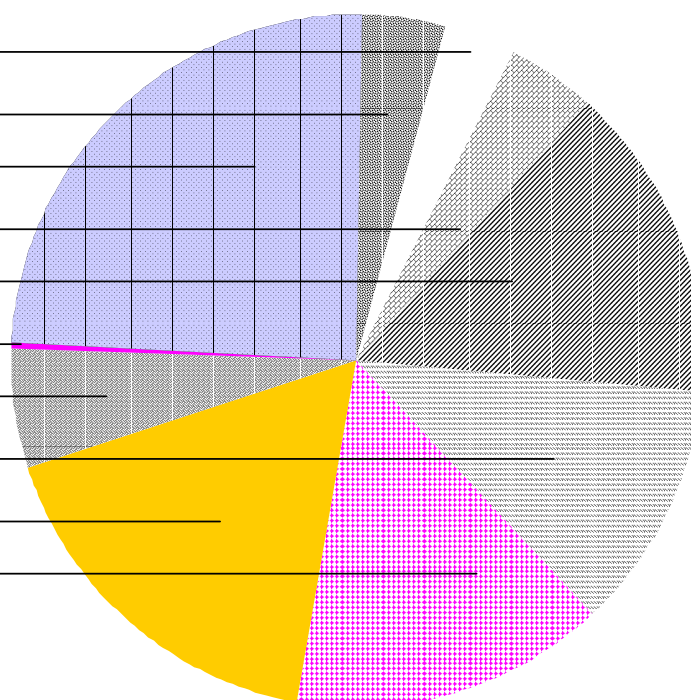
**Percentage Share of Expenditure by Policy Area Group
 Recurrent Public Expenditure : 2005-06 Estimate**

Community and External Affairs	3.2%
Economic	5.0%
Education	22.9%
Environment and Food	3.7%
Health	13.8%
Housing	5.3%
Infrastructure	5.2%
Security	10.9%
Social Welfare	16.1%
Support	13.9%
	100.0%



**Percentage Share of Expenditure by Policy Area Group
 Recurrent Government Expenditure : 2005-06 Estimate**

Community and External Affairs	3.4%
Economic	4.0%
Education	24.5%
Environment and Food	4.0%
Health	14.8%
Housing	0.2%
Infrastructure	5.5%
Security	11.6%
Social Welfare	17.2%
Support	14.8%
	100.0%



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

Total Public Expenditure : Year-on-Year Change

	2004–05 Original Estimate \$m	2004–05 Revised Estimate \$m	2005–06 Estimate \$m	Increase/Decrease over 2004–05 Original Estimate	
				in Nominal Terms %	in Real Terms %
Education	59,542	55,732	58,160	-2.3	-1.4
Social Welfare	35,404	34,119	36,302	2.5	3.4
Health	32,977	32,355	32,240	-2.2	-0.6
Security	27,032	26,312	26,192	-3.1	-1.8
Infrastructure	30,173	28,245	26,008	-13.8	-13.8
Housing	24,583	19,523	18,108	-26.3	-26.9
Economic	16,675	14,912	15,509	-7.0	-6.8
Environment and Food	12,604	10,438	10,818	-14.2	-14.0
Community and External Affairs	8,593	8,213	8,266	-3.8	-3.8
Support	38,391	35,410	36,987	-3.7	-3.9
	<u>285,974</u>	<u>265,259</u>	<u>268,590</u>	-6.1	-5.5

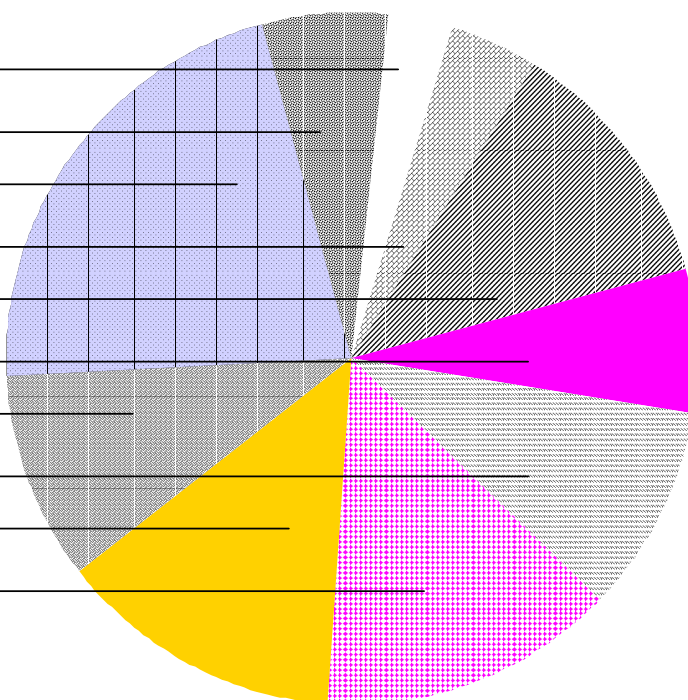
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Total Government Expenditure : Year-on-Year Change

	2004–05 Original Estimate \$m	2004–05 Revised Estimate \$m	2005–06 Estimate \$m	Increase/Decrease over 2004–05 Original estimate	
				in Nominal Terms %	in Real Terms %
Education	59,542	55,732	58,160	-2.3	-1.4
Social Welfare	35,404	34,119	36,302	2.5	3.4
Health	32,977	32,355	32,240	-2.2	-0.6
Security	27,032	26,312	26,192	-3.1	-1.8
Infrastructure	30,024	28,082	25,846	-13.9	-14.0
Economic	13,690	11,870	12,563	-8.3	-8.1
Environment and Food	12,604	10,438	10,818	-14.2	-14.0
Community and External Affairs	8,593	8,213	8,266	-3.8	-3.8
Housing	482	443	418	-13.1	-11.2
Support	38,391	35,410	36,987	-3.7	-3.9
	<u>258,739</u>	<u>242,974</u>	<u>247,792</u>	-4.2	-3.6

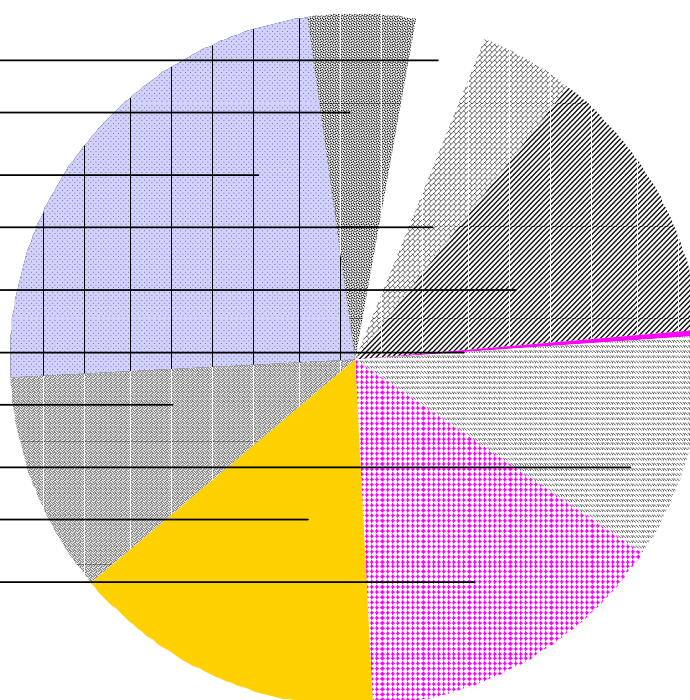
Percentage Share of Expenditure by Policy Area Group
Total Public Expenditure : 2005-06 Estimate

Community and External Affairs	3.1%
Economic	5.8%
Education	21.6%
Environment and Food	4.0%
Health	12.0%
Housing	6.7%
Infrastructure	9.7%
Security	9.8%
Social Welfare	13.5%
Support	13.8%
	100.0%



Percentage Share of Expenditure by Policy Area Group
Total Government Expenditure : 2005-06 Estimate

Community and External Affairs	3.4%
Economic	5.1%
Education	23.5%
Environment and Food	4.3%
Health	13.0%
Housing	0.2%
Infrastructure	10.4%
Security	10.6%
Social Welfare	14.6%
Support	14.9%
	100.0%



SECTION IV - MAJOR CAPITAL PROJECTS TO BEGIN IN 2005–06

Funds allocated for capital projects to start in 2005–06 include—

	<i>\$million</i>
Infrastructure	6,918
— Replacement and rehabilitation of water mains	
— Water supply to housing development at Anderson Road and to Sha Tin development Area 56A	
— Ring mains for Cha Kwo Ling salt water supply system	
— Road P1 advance works at Sunny Bay of Lantau and Trunk Road T4 in Sha Tin	
— Improvements to San Tin Interchange	
— Remaining engineering works in Sha Tin New Town	
— Area traffic control and closed circuit television system for Tuen Mun and Yuen Long districts	
Environment and Food	2,244
— Tai Po sewage treatment works, stage 5 phase 1	
— Sewerage in North and South Kowloon, Yuen Long, Kam Tin, North District and Outlying Islands	
— Retrofitting of noise barriers on Cheung Pei Shan Road and Ma On Shan Road	
— Retrofitting of air-conditioning and general improvement to markets and cooked food centres	
— Conversion of aqua privies into flushing toilets—phase 2	
— Public Filling Barging Points in Kwai Chung and Chai Wan	
Education	1,725
— Construction, extension and redevelopment of primary and secondary schools	
— Construction of special schools	
— Stabilisation of slopes within the campus of the Chinese University of Hong Kong	
Support	1,197
— Drainage improvement in Northern New Territories, Sha Tin, Tai Po, Fanling and Sai Kung	
— Fitting out works for customs, immigration and quarantine facilities at Sky Plaza, Hong Kong International Airport	
Health	539
— Establishment of a community health and wellness centre at Yan Chai Hospital	
— Improvement of infection control provisions for autopsy facilities in public hospitals	
— Improvement of facilities in the Specialist Outpatient Block of Pamela Youde Nethersole Eastern Hospital	
Community and External Affairs	527
— Tseung Kwan O Sports Ground	
— Dr Sun Yat-sen Museum	
— Provision of open spaces	
Economic	513
— Transport link in Tsim Sha Tsui East	
— Tourist District Enhancement Programme—The Peak	
— Enhancement of public facilities at Ngong Ping, Lantau	

SECTION V - TRENDS IN PUBLIC EXPENDITURE : 2000–01 TO 2005–06

Introduction

This section presents trends in public expenditure over the period 2000–01 to 2005–06. The analysis includes expenditure by the Government, the Trading Funds and the Housing Authority.

2 Details of the individual heads of expenditure contributing to a particular policy area are provided in an index in Volume I of the 2005–06 Estimates. This index further provides details by head of expenditure of individual programmes which contribute to a policy area.

3 Where appropriate, historical figures have been adjusted to comply with the current classification of expenditure.

Recurrent Public Expenditure by Policy Area Group 2000–01 to 2005–06

Policy Area Groups	Actual				Revised Estimate	Estimate
	2000–01	2001–02	2002–03	2003–04	2004–05	2005–06
	%	%	%	%	%	%
Education	22.3	22.0	22.2	22.0	21.7	22.9
Social Welfare	13.8	13.8	14.8	15.3	15.6	16.1
Health	15.4	15.2	15.3	15.0	14.4	13.8
Security	12.0	11.7	11.5	11.3	11.2	10.9
Housing	5.8	5.8	5.4	5.3	5.2	5.3
Infrastructure	5.4	5.4	5.4	5.3	5.4	5.2
Economic	5.2	5.1	5.0	5.1	5.1	5.0
Environment and Food	4.0	3.9	4.0	3.9	3.7	3.7
Community and External Affairs	3.4	3.4	3.5	3.3	3.3	3.2
Support	12.7	13.7	12.9	13.5	14.4	13.9
	100.0	100.0	100.0	100.0	100.0	100.0
	\$m	\$m	\$m	\$m	\$m	\$m
Total Recurrent Public Expenditure	198,619	210,445	211,728	211,102	209,431	212,850

Total Public Expenditure by Policy Area Group 2000–01 to 2005–06

Policy Area Groups	Actual				Revised Estimate	Estimate
	2000–01	2001–02	2002–03	2003–04	2004–05	2005–06
	%	%	%	%	%	%
Education	19.2	19.4	20.8	20.8	21.0	21.6
Social Welfare	10.5	11.2	12.3	12.5	12.9	13.5
Health	12.2	12.7	12.6	12.6	12.2	12.0
Security	10.0	10.2	10.3	9.9	10.0	9.8
Infrastructure	8.6	9.3	9.3	9.5	10.6	9.7
Housing	15.9	11.9	9.1	9.3	7.4	6.7
Economic	4.7	5.1	5.2	5.5	5.6	5.8
Environment and Food	4.2	4.1	4.3	4.0	3.9	4.0
Community and External Affairs	3.1	3.1	3.1	3.0	3.1	3.1
Support	11.6	13.0	13.0	12.9	13.3	13.8
	100.0	100.0	100.0	100.0	100.0	100.0

	\$m	\$m	\$m	\$m	\$m	\$m
Total Public Expenditure	267,507	269,359	263,520	271,098	265,259	268,590

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, Power, 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	23
Health	Health	15
Housing	Housing	31
Infrastructure	Buildings, Lands and Planning	22
	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 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.