

APPENDIX B

ANALYSIS OF PUBLIC/GOVERNMENT EXPENDITURE

2001–02 TO 2006–07

CONTENTS

SECTION I - THE ESTIMATES IN THE CONTEXT OF THE ECONOMY

Relationship between Government Expenditure and
Public Expenditure in 2006–07 and GDP

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

Recurrent Public Expenditure — Year-on-Year Change

Recurrent Government Expenditure — Year-on-Year Change

Percentage Share of Expenditure by Policy Area Group —
Recurrent Public Expenditure
Recurrent Government Expenditure

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

Total Public Expenditure — Year-on-Year Change

Total Government Expenditure — Year-on-Year Change

Percentage Share of Expenditure by Policy Area Group —
Total Public Expenditure
Total Government Expenditure

SECTION IV - MAJOR CAPITAL PROJECTS TO BEGIN IN 2006–07

SECTION V - TRENDS IN PUBLIC EXPENDITURE: 2001–02 TO 2006–07

SECTION VI - KEY TO CLASSIFICATION OF EXPENDITURE

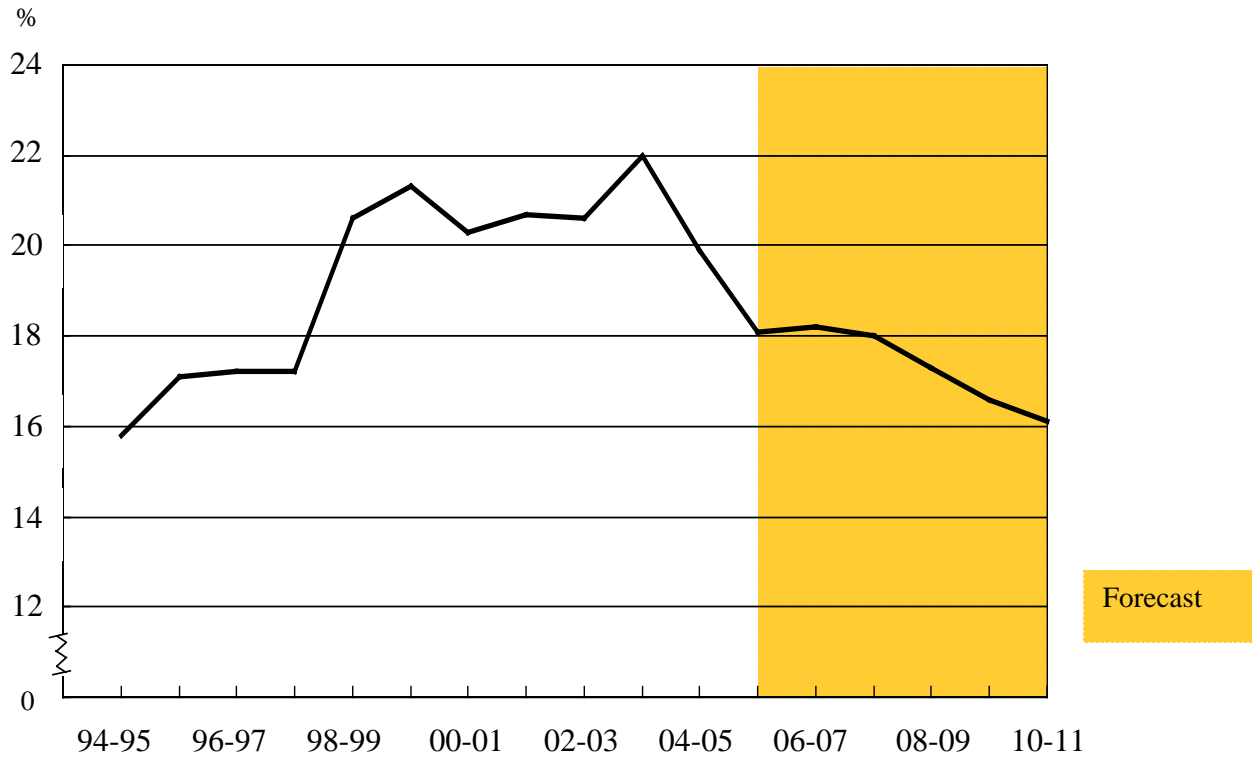
Note: Expenditure figures for 2005-06 and before as shown in Sections II, III and V have been adjusted to align with the cost-neutral transfers between policy area groups adopted in the 2006-07 estimate.

SECTION I - THE ESTIMATES IN THE CONTEXT OF THE ECONOMY

Relationship between Government Expenditure and Public Expenditure in 2006–07 and GDP

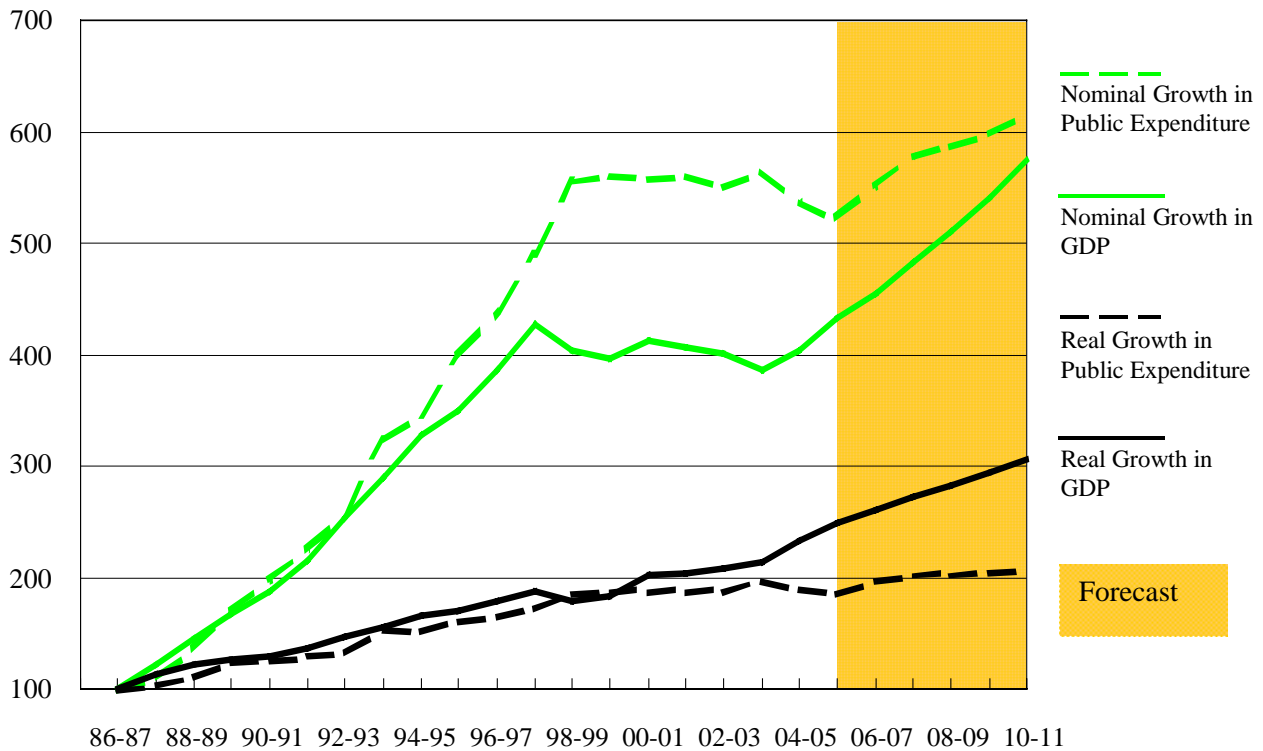
	2006-07 Estimate \$m
General Revenue Account	
Operating	209,000
Capital	1,829
	<hr/> 210,829
Capital Works Reserve Fund	27,965
Loan Fund	4,886
Lotteries Fund	1,160
Innovation and Technology Fund	794
	<hr/> 245,634
Government Expenditure	
Trading Funds	3,595
Housing Authority	15,660
	<hr/> 264,889
Public Expenditure	
	<hr/>
GDP	1,451,624
Public Expenditure as a % of GDP	18.2%

Public Expenditure as a Percentage of GDP



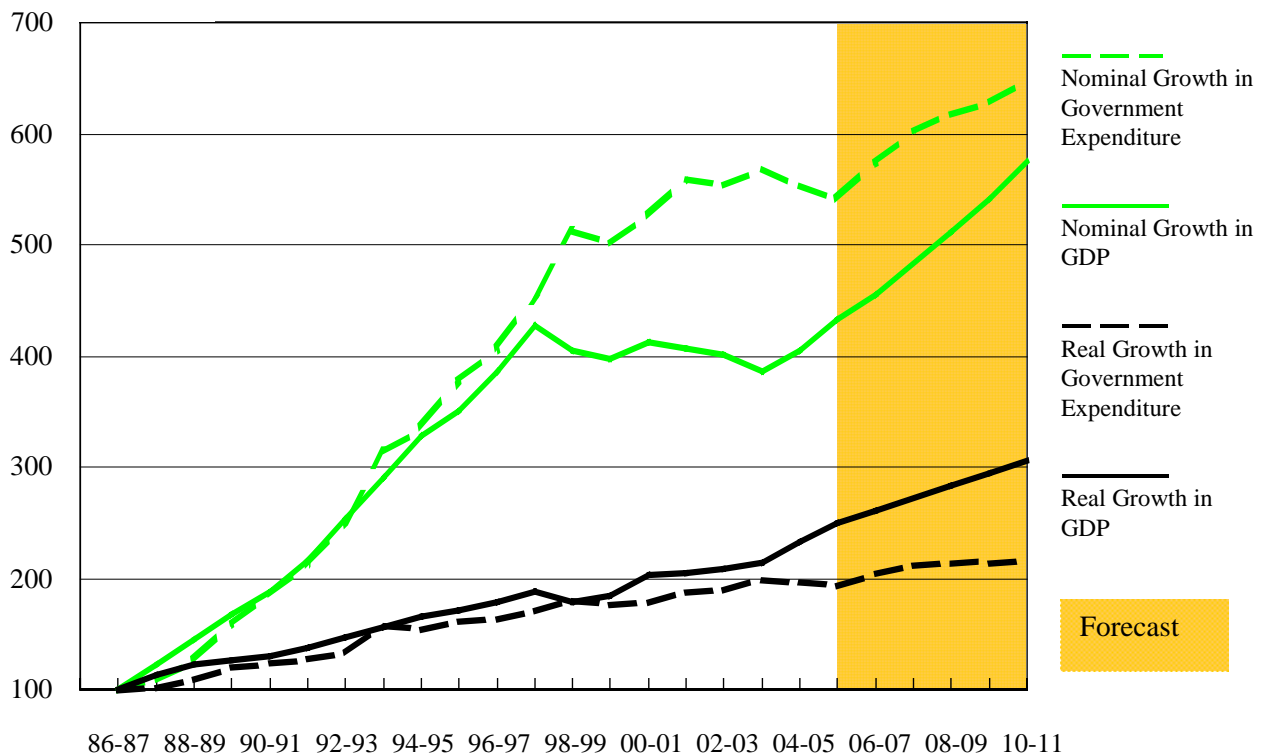
Comparison of Cumulative Growth in Public Expenditure with Cumulative Growth in GDP since the Introduction of Medium Range Forecast

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

	2005–06 Original Estimate \$m	2005–06 Revised Estimate \$m	2006–07 Estimate \$m	Increase/Decrease over 2005–06 Original Estimate in Nominal Terms %	in Real Terms %
Education	49,119	44,678	47,856	-2.6	-2.8
Social Welfare	33,879	32,288	34,584	2.1	1.9
Health	29,432	29,315	29,950	1.8	1.7
Security	23,156	22,720	23,496	1.5	1.3
Infrastructure	11,332	11,247	11,505	1.5	1.3
Economic	10,753	10,646	11,184	4.0	3.6
Housing	10,974	10,477	9,818	-10.5	-12.0
Environment and Food	7,864	7,425	8,565	8.9	8.5
Community and External Affairs	6,817	6,715	6,995	2.6	2.2
Support	29,524	27,135	29,012	-1.7	-2.4
	<u>212,850</u>	<u>202,646</u>	<u>212,965</u>	0.1	-0.3

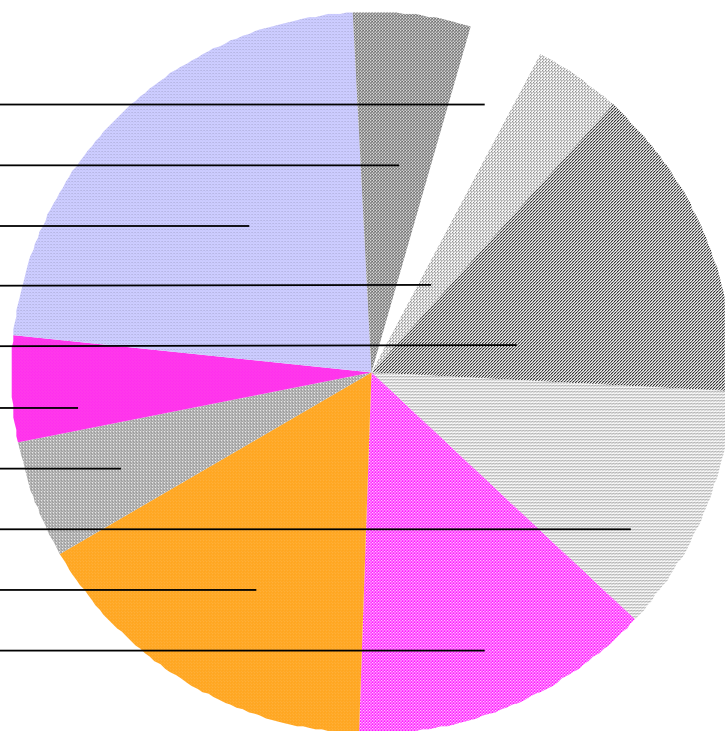
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Recurrent Government Expenditure : Year-on-Year Change

	2005–06 Original Estimate \$m	2005–06 Revised Estimate \$m	2006–07 Estimate \$m	Increase/Decrease over 2005–06 Original Estimate	
				in Nominal Terms %	in Real Terms %
Education	49,119	44,678	47,856	-2.6	-2.8
Social Welfare	33,879	32,288	34,584	2.1	1.9
Health	29,432	29,315	29,950	1.8	1.7
Security	23,156	22,720	23,496	1.5	1.3
Infrastructure	11,192	11,092	11,336	1.3	1.0
Environment and Food	7,864	7,425	8,565	8.9	8.5
Economic	7,929	7,578	7,988	0.7	0.4
Community and External Affairs	6,817	6,715	6,995	2.6	2.2
Housing	205	165	149	-27.2	-27.2
Support	29,524	27,135	29,012	-1.7	-2.4
	<u>199,117</u>	<u>189,111</u>	<u>199,931</u>	0.4	0.1

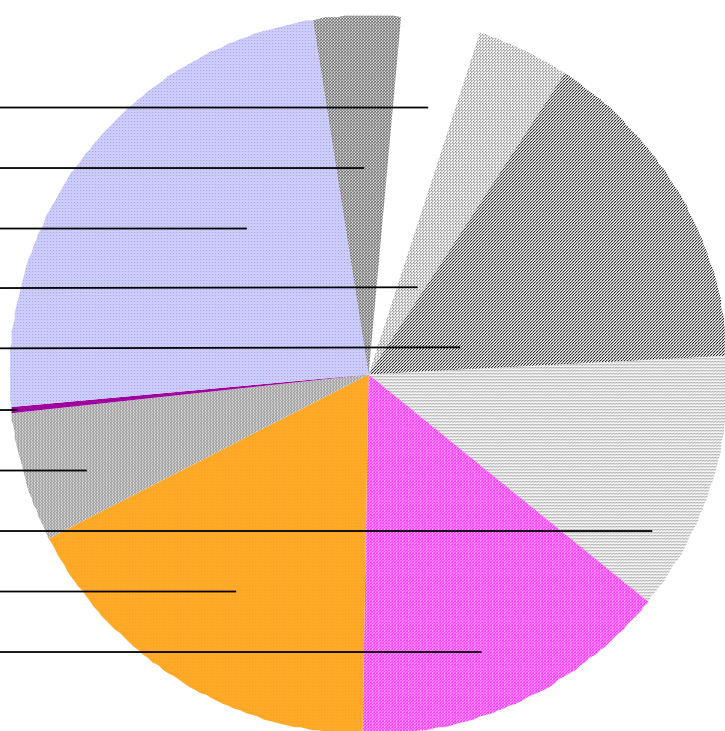
**Percentage Share of Expenditure by Policy Area Group
 Recurrent Public Expenditure : 2006-07 Estimate**

Community and External Affairs	3.3%
Economic	5.3%
Education	22.5%
Environment and Food	4.0%
Health	14.1%
Housing	4.6%
Infrastructure	5.4%
Security	11.0%
Social Welfare	16.2%
Support	13.6%
	100.0%



**Percentage Share of Expenditure by Policy Area Group
 Recurrent Government Expenditure : 2006-07 Estimate**

Community and External Affairs	3.5%
Economic	4.0%
Education	23.9%
Environment and Food	4.3%
Health	15.0%
Housing	0.1%
Infrastructure	5.7%
Security	11.7%
Social Welfare	17.3%
Support	14.5%
	100.0%



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

Total Public Expenditure : Year-on-Year Change

	2005-06 Original Estimate \$m	2005-06 Revised Estimate \$m	2006-07 Estimate \$m	Increase/Decrease over 2005-06 Original Estimate in Nominal Terms %	in Real Terms %
Education	58,599	55,576	56,450	-3.7	-3.9
Social Welfare	35,863	33,826	36,231	1.0	0.8
Health	32,240	31,639	32,340	0.3	0.2
Security	26,192	25,111	27,050	3.3	3.1
Infrastructure	27,151	25,887	24,490	-9.8	-9.9
Housing	17,906	15,874	15,821	-11.6	-12.6
Economic	14,568	13,734	15,291	5.0	4.4
Environment and Food	10,818	9,692	11,631	7.5	7.2
Community and External Affairs	8,266	7,953	8,424	1.9	1.5
Support	36,987	30,963	37,161	0.5	-0.1
	<u>268,590</u>	<u>250,255</u>	<u>264,889</u>	-1.4	-1.7

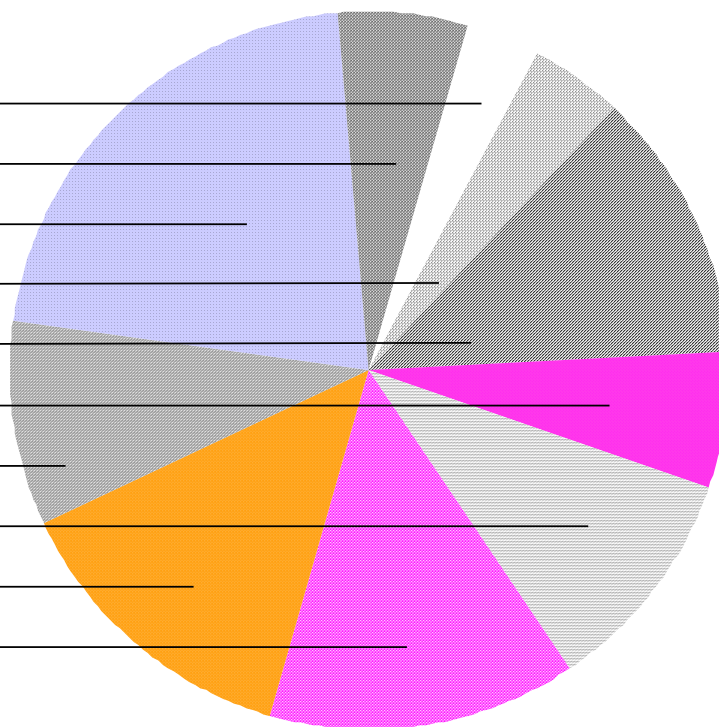
SECTION III - ANALYSIS OF TOTAL PUBLIC/GOVERNMENT EXPENDITURE BY POLICY AREA GROUP

Total Government Expenditure : Year-on-Year Change

	2005–06 Original Estimate \$m	2005–06 Revised Estimate \$m	2006–07 Estimate \$m	Increase/Decrease over 2005–06 Original estimate	
				in Nominal Terms %	in Real Terms %
Education	58,599	55,576	56,450	-3.7	-3.9
Social Welfare	35,863	33,826	36,231	1.0	0.8
Health	32,240	31,639	32,340	0.3	0.2
Security	26,192	25,111	27,050	3.3	3.1
Infrastructure	26,989	25,696	24,308	-9.9	-10.1
Economic	11,622	10,455	11,878	2.2	1.8
Environment and Food	10,818	9,692	11,631	7.5	7.2
Community and External Affairs	8,266	7,953	8,424	1.9	1.5
Housing	216	177	161	-25.6	-25.7
Support	36,987	30,963	37,161	0.5	-0.1
	<u>247,792</u>	<u>231,088</u>	<u>245,634</u>	-0.9	-1.1

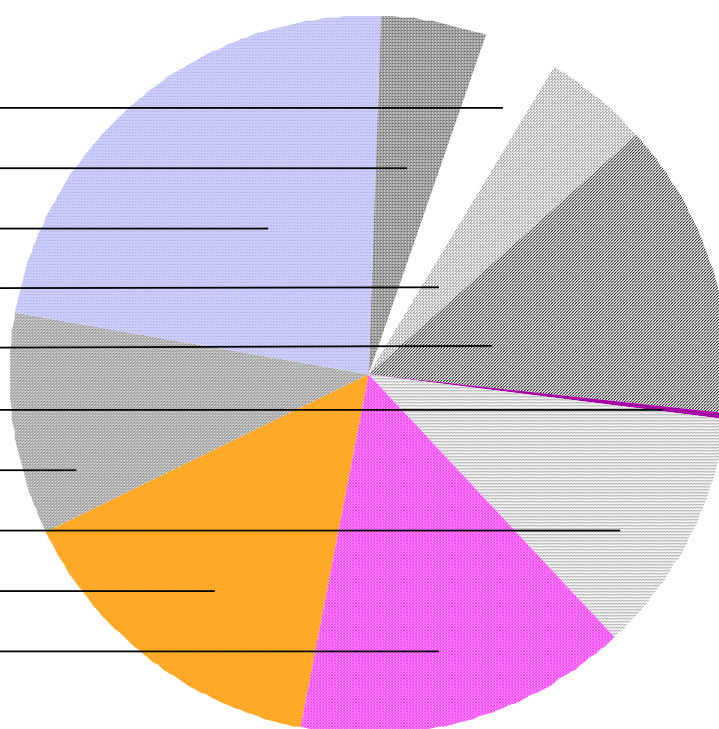
Percentage Share of Expenditure by Policy Area Group
Total Public Expenditure : 2006-07 Estimate

Community and External Affairs	3.2%
Economic	5.8%
Education	21.3%
Environment and Food	4.4%
Health	12.2%
Housing	6.0%
Infrastructure	9.2%
Security	10.2%
Social Welfare	13.7%
Support	14.0%
	100.0%



Percentage Share of Expenditure by Policy Area Group
Total Government Expenditure : 2006-07 Estimate

Community and External Affairs	3.4%
Economic	4.8%
Education	23.0%
Environment and Food	4.7%
Health	13.2%
Housing	0.1%
Infrastructure	9.9%
Security	11.0%
Social Welfare	14.8%
Support	15.1%
	100.0%



SECTION IV - MAJOR CAPITAL PROJECTS TO BEGIN IN 2006-07

Funds allocated for capital projects to start in 2006-07 include –

	\$ million
Infrastructure	7,773
— Formulation and implementation of Greening Master Plans for Kowloon West and Hong Kong Island	
— Road P1 advance works at Sunny Bay, Lantau	
— Improvement to pedestrian subway system at Kwai Fuk Road roundabout	
— Northern access to Area 86, Tseung Kwan O	
— Ping Ha Road improvement (northern part of Ha Tsuen section)	
— Replacement and rehabilitation of water mains	
— Remedial works for the rip-rap at the main dam of Plover Cove Reservoir	
Environment and Food	6,039
— Additional columbarium at Diamond Hill	
— Yuen Long, Kam Tin, Ting Kau, and Sai Kung sewerage	
— Chai Wan Public Filling Barging Point	
— New Territories West landfill extensions	
Support	2,138
— Drainage improvement in Northern New Territories, Northern Hong Kong Island, East Kwoloon, Tai Po, Sai Kung and Kam Tin	
Education	1,227
— Construction, extension, redevelopment and reprovisioning of primary, secondary and special schools	
Health	1,164
— Redevelopment of Caritas Medical Centre, phase 2	
Community and External Affairs	620
— Indoor recreation centre-cum-library in Area 17, Tung Chung	
— Provision of open spaces in Sham Shui Po, Tuen Mun, Tseung Kwan O, Kwai Chung and Kwun Tong	
Security	423
— Relocation of Labour Tribunal to the South Kowloon Law Courts Building	
— Fire Services Department Diving Training Centre in the Government Dockyard at Stonecutters Island	
— Reprovisioning of Central District Headquarters and Divisional Police Station	
Economic	55
— Enhancement of public facilities at Ngong Ping, Lantau	

SECTION V - TRENDS IN PUBLIC EXPENDITURE : 2001–02 TO 2006–07

Introduction

1 This section presents trends in public expenditure over the period 2001–02 to 2006–07. 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 2006–07 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 2001–02 to 2006–07

Policy Area Groups	Actual				Revised Estimate	Estimate
	2001–02	2002–03	2003–04	2004–05	2005–06	2006–07
	%	%	%	%	%	%
Education	22.2	22.4	22.2	21.8	22.0	22.5
Social Welfare	13.6	14.6	15.1	15.5	15.9	16.2
Health	15.2	15.3	15.0	14.7	14.5	14.1
Security	11.7	11.5	11.3	11.2	11.2	11.0
Infrastructure	5.6	5.6	5.5	5.5	5.5	5.4
Economic	5.1	5.0	5.1	5.1	5.3	5.3
Housing	5.6	5.2	5.1	5.0	5.2	4.6
Environment and Food	3.9	4.0	3.9	3.7	3.7	4.0
Community and External Affairs	3.4	3.5	3.3	3.2	3.3	3.3
Support	13.7	12.9	13.5	14.3	13.4	13.6
	100.0	100.0	100.0	100.0	100.0	100.0
	\$m	\$m	\$m	\$m	\$m	\$m
Total Recurrent Public Expenditure	210,445	211,728	211,102	205,426	202,646	212,965

Total Public Expenditure by Policy Area Group 2001–02 to 2006–07

Policy Area Groups	Actual				Revised Estimate	Estimate
	2001–02	2002–03	2003–04	2004–05	2005–06	2006–07
	%	%	%	%	%	%
Education	19.6	21.0	21.0	21.1	22.2	21.3
Social Welfare	11.0	12.1	12.3	12.9	13.5	13.7
Health	12.7	12.6	12.6	12.5	12.6	12.2
Security	10.2	10.3	9.9	9.9	10.0	10.2
Infrastructure	9.8	9.8	10.0	11.2	10.4	9.2
Housing	11.7	9.0	9.2	7.0	6.3	6.0
Economic	4.8	4.8	5.1	5.1	5.5	5.8
Environment and Food	4.1	4.3	4.0	3.9	3.9	4.4
Community and External Affairs	3.1	3.1	3.0	3.0	3.2	3.2
Support	13.0	13.0	12.9	13.4	12.4	14.0
	100.0	100.0	100.0	100.0	100.0	100.0
	\$m	\$m	\$m	\$m	\$m	\$m
Total Public Expenditure	269,359	263,520	271,098	257,137	250,255	264,889

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.