

# **APPENDIX B**

**ANALYSIS OF PUBLIC/GOVERNMENT EXPENDITURE**

**2004–05 TO 2009–10**

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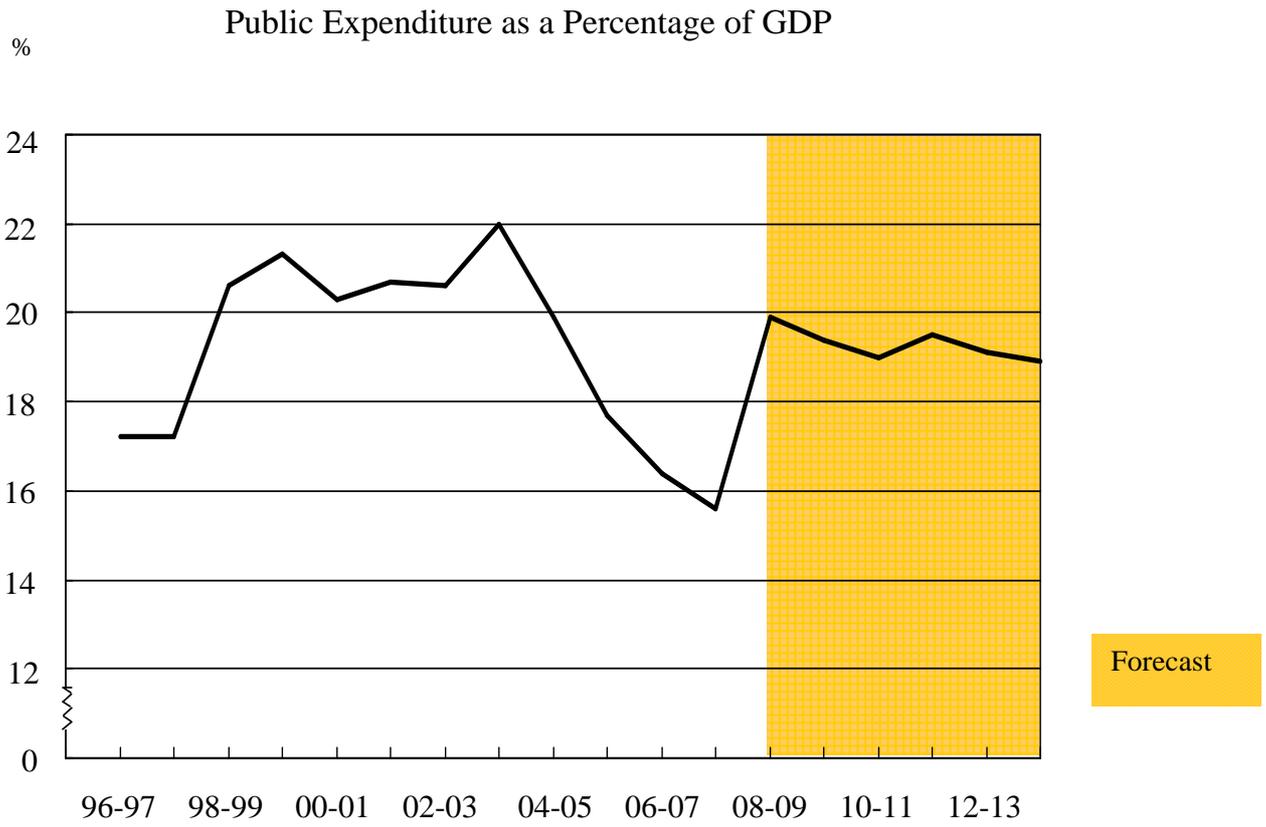
**SECTION VI – KEY TO CLASSIFICATION OF EXPENDITURE**

*Note:* Expenditure figures for 2008–09 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 2009–10 estimate.

## SECTION I – THE ESTIMATES IN THE CONTEXT OF THE ECONOMY

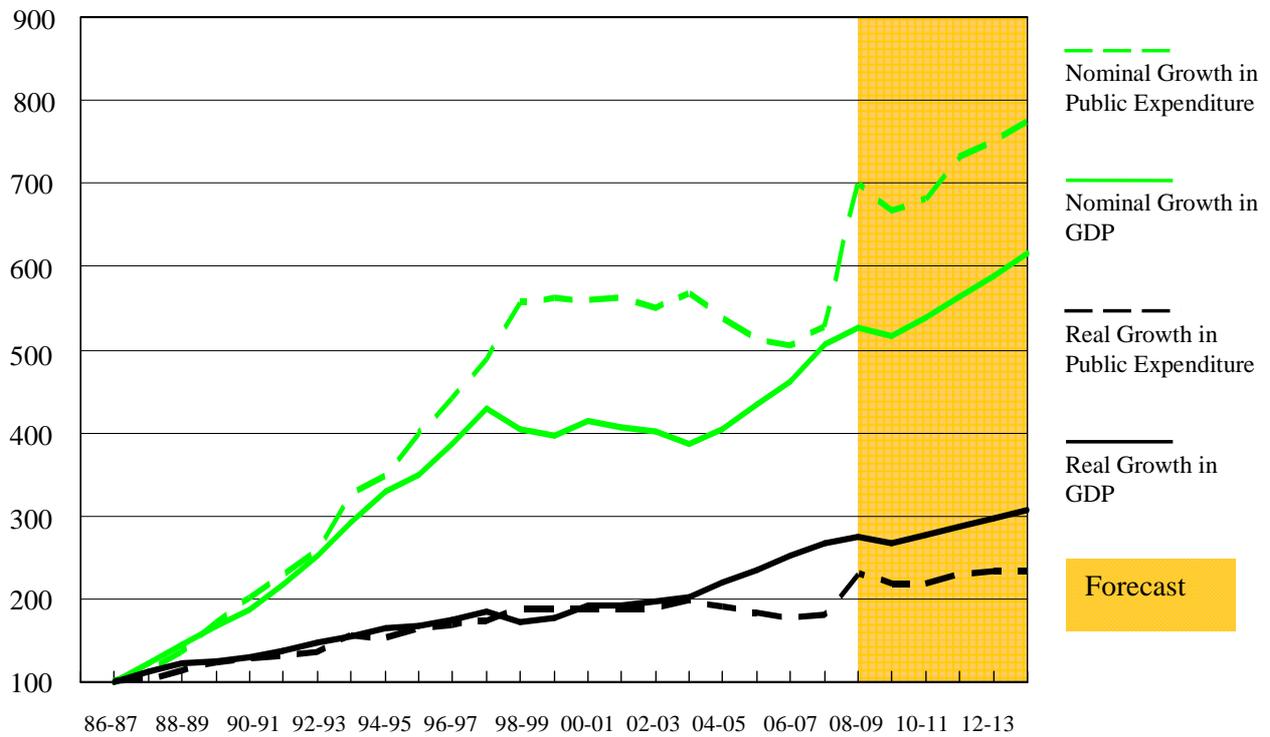
## Relationship between Government Expenditure and Public Expenditure in 2009–10 and GDP

	<b>2009–10 Estimate \$m</b>
General Revenue Account	
Operating	244,000
Capital	3,523
	<hr/> 247,523
Capital Works Reserve Fund	44,526
Innovation and Technology Fund	1,278
Loan Fund	2,592
Lotteries Fund	1,809
Government Expenditure	<hr/> 297,728
Trading Funds	3,837
Housing Authority	17,794
Public Expenditure	<hr/> 319,359
GDP	1,644,734
Public Expenditure as a % of GDP	19.4%



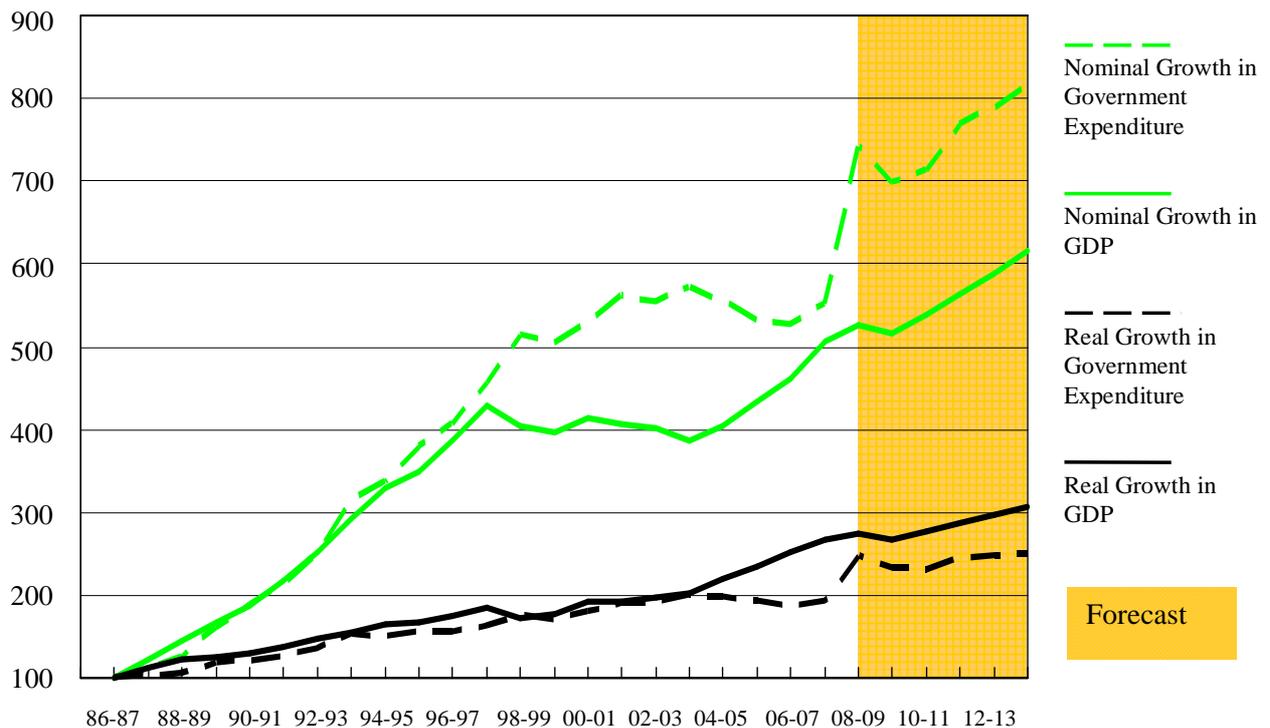
Comparison of Cumulative Growth in Public Expenditure with Cumulative Growth in GDP since the Introduction of Medium Range Forecast

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**

	2008–09 Original Estimate \$m	2008–09 Revised Estimate \$m	2009–10 Estimate \$m	Increase/Decrease over 2008–09 Original Estimate in Nominal Terms %	in Real Terms %
<b>Education</b>	51,106	50,314	<b>53,817</b>	<b>5.3</b>	<b>1.1</b>
<b>Social Welfare</b>	37,758	39,151	<b>39,259</b>	<b>4.0</b>	<b>-6.4</b>
<b>Health</b>	32,586	33,883	<b>35,692</b>	<b>9.5</b>	<b>4.7</b>
<b>Security</b>	25,375	25,933	<b>26,847</b>	<b>5.8</b>	<b>1.2</b>
<b>Infrastructure</b>	12,046	12,145	<b>13,024</b>	<b>8.1</b>	<b>1.9</b>
<b>Economic</b>	10,766	10,863	<b>11,246</b>	<b>4.5</b>	<b>0.5</b>
<b>Housing</b>	9,951	9,997	<b>10,370</b>	<b>4.2</b>	<b>1.1</b>
<b>Environment and Food</b>	9,265	9,210	<b>10,345</b>	<b>11.7</b>	<b>8.7</b>
<b>Community and External Affairs</b>	7,555	7,568	<b>8,060</b>	<b>6.7</b>	<b>4.1</b>
<b>Support</b>	31,597	30,342	<b>32,778</b>	<b>3.7</b>	<b>1.5</b>
	<u>228,005</u>	<u>229,406</u>	<u><b>241,438</b></u>	<b>5.9</b>	<b>0.9</b>

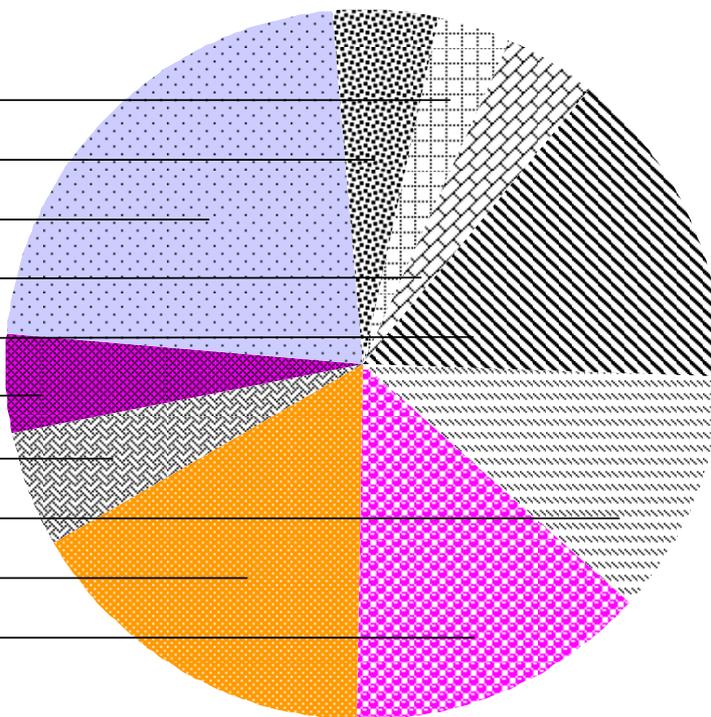
**SECTION II – ANALYSIS OF RECURRENT PUBLIC/GOVERNMENT EXPENDITURE BY POLICY AREA GROUP**

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

	2008–09 Original Estimate \$m	2008–09 Revised Estimate \$m	2009–10 Estimate \$m	Increase/Decrease over 2008–09 Original Estimate	
				in Nominal Terms %	in Real Terms %
<b>Education</b>	51,106	50,314	<b>53,817</b>	<b>5.3</b>	<b>1.1</b>
<b>Social Welfare</b>	37,758	39,151	<b>39,259</b>	<b>4.0</b>	<b>-6.4</b>
<b>Health</b>	32,586	33,883	<b>35,692</b>	<b>9.5</b>	<b>4.7</b>
<b>Security</b>	25,375	25,933	<b>26,847</b>	<b>5.8</b>	<b>1.2</b>
<b>Infrastructure</b>	11,842	11,928	<b>12,810</b>	<b>8.2</b>	<b>2.0</b>
<b>Environment and Food</b>	9,265	9,210	<b>10,345</b>	<b>11.7</b>	<b>8.7</b>
<b>Community and External Affairs</b>	7,555	7,568	<b>8,060</b>	<b>6.7</b>	<b>4.1</b>
<b>Economic</b>	7,374	7,330	<b>7,797</b>	<b>5.7</b>	<b>2.2</b>
<b>Housing</b>	189	191	<b>198</b>	<b>4.8</b>	<b>-</b>
<b>Support</b>	31,597	30,342	<b>32,778</b>	<b>3.7</b>	<b>1.5</b>
	<u>214,647</u>	<u>215,850</u>	<u><b>227,603</b></u>	<b>6.0</b>	<b>0.9</b>

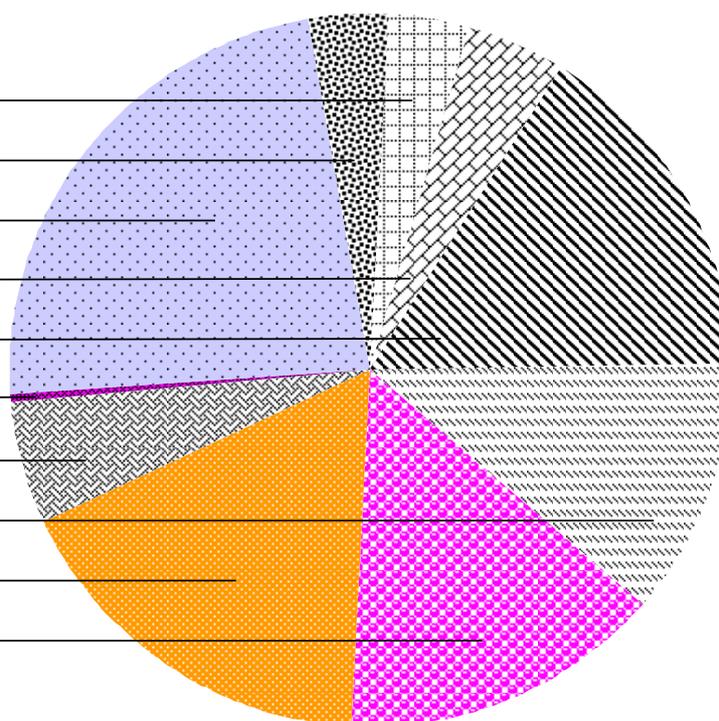
**Percentage Share of Expenditure by Policy Area Group  
 Recurrent Public Expenditure : 2009-10 Estimate**

<b>Community and External Affairs</b>	<b>3.3%</b>
<b>Economic</b>	<b>4.7%</b>
<b>Education</b>	<b>22.3%</b>
<b>Environment and Food</b>	<b>4.2%</b>
<b>Health</b>	<b>14.8%</b>
<b>Housing</b>	<b>4.3%</b>
<b>Infrastructure</b>	<b>5.4%</b>
<b>Security</b>	<b>11.1%</b>
<b>Social Welfare</b>	<b>16.3%</b>
<b>Support</b>	<b>13.6%</b>
	<b>100.0%</b>



**Percentage Share of Expenditure by Policy Area Group  
 Recurrent Government Expenditure : 2009-10 Estimate**

<b>Community and External Affairs</b>	<b>3.5%</b>
<b>Economic</b>	<b>3.5%</b>
<b>Education</b>	<b>23.6%</b>
<b>Environment and Food</b>	<b>4.6%</b>
<b>Health</b>	<b>15.7%</b>
<b>Housing</b>	<b>0.1%</b>
<b>Infrastructure</b>	<b>5.6%</b>
<b>Security</b>	<b>11.8%</b>
<b>Social Welfare</b>	<b>17.2%</b>
<b>Support</b>	<b>14.4%</b>
	<b>100.0%</b>



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

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

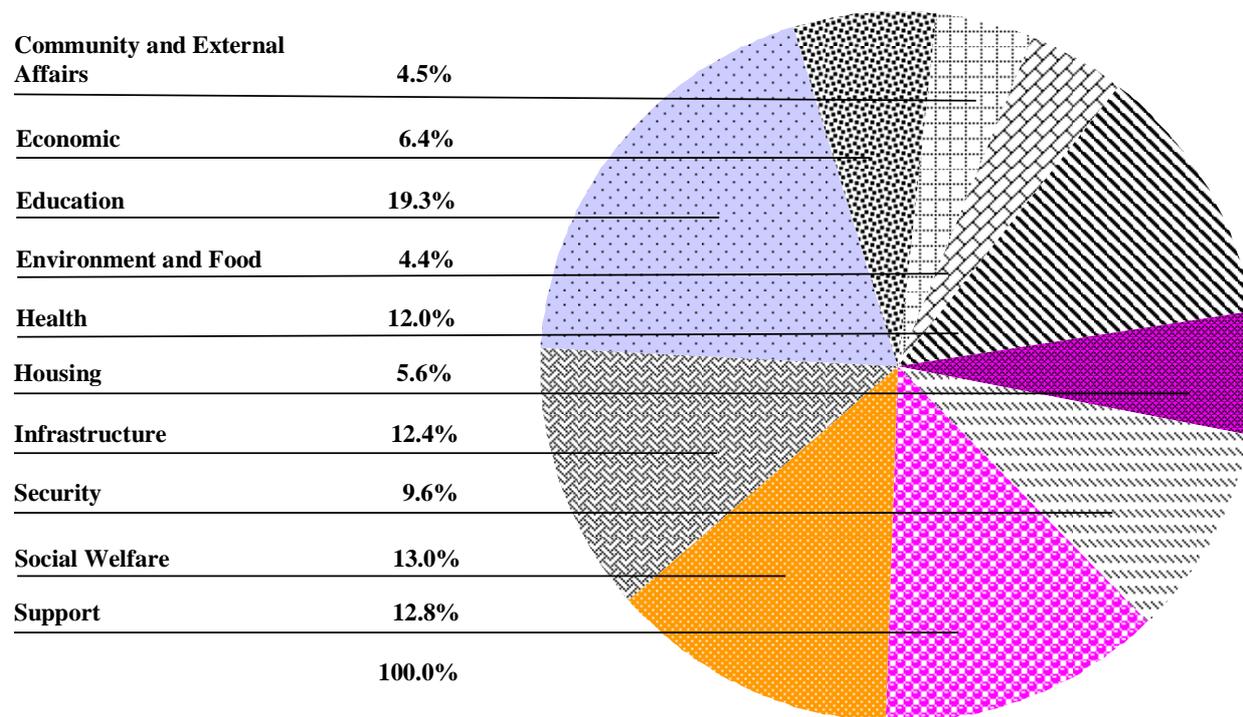
	2008–09 Original Estimate \$m	2008–09 Revised Estimate \$m	2009–10 Estimate \$m	Increase/Decrease over 2008–09 Original Estimate in Nominal Terms %	in Real Terms %
<b>Education</b>	77,275	75,935	<b>61,665</b>	<b>-20.2</b>	<b>-23.1</b>
<b>Social Welfare</b>	39,248	40,255	<b>41,608</b>	<b>6.0</b>	<b>-4.0</b>
<b>Infrastructure</b>	25,177	24,844	<b>39,663</b>	<b>57.5</b>	<b>53.3</b>
<b>Health</b>	35,828	36,848	<b>38,420</b>	<b>7.2</b>	<b>2.8</b>
<b>Security</b>	28,368	28,200	<b>30,625</b>	<b>8.0</b>	<b>3.7</b>
<b>Economic</b>	26,560	25,315	<b>20,300</b>	<b>-23.6</b>	<b>-25.3</b>
<b>Housing</b>	16,968	18,300	<b>18,004</b>	<b>6.1</b>	<b>3.4</b>
<b>Community and External Affairs</b>	32,571	38,613	<b>14,248</b>	<b>-56.3</b>	<b>-57.0</b>
<b>Environment and Food</b>	12,440	12,384	<b>14,121</b>	<b>13.5</b>	<b>10.9</b>
<b>Support</b>	37,647	33,908	<b>40,705</b>	<b>8.1</b>	<b>6.1</b>
	<u>332,082</u>	<u>334,602</u>	<u><b>319,359</b></u>	<b>-3.8</b>	<b>-7.6</b>

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

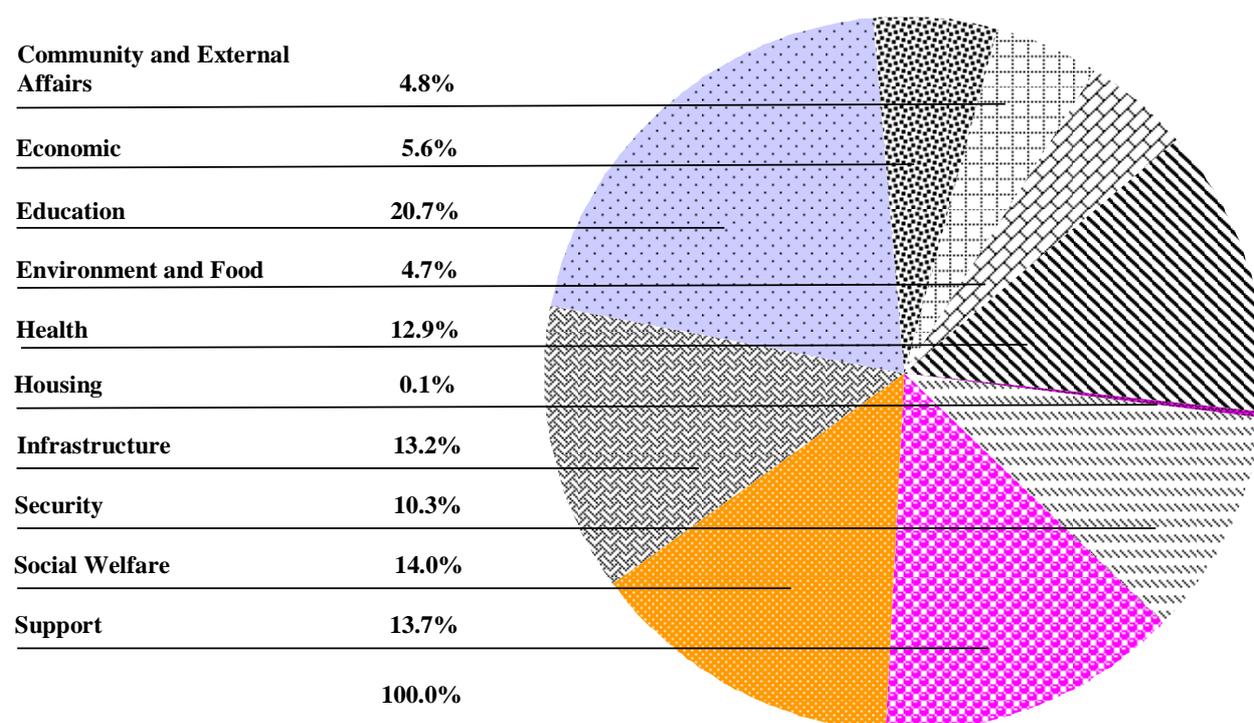
**Total Government Expenditure : Year-on-Year Change**

	2008–09 Original Estimate \$m	2008–09 Revised Estimate \$m	2009–10 Estimate \$m	Increase/Decrease over 2008–09 Original Estimate in Nominal Terms %	in Real Terms %
<b>Education</b>	77,275	75,935	<b>61,665</b>	<b>-20.2</b>	<b>-23.1</b>
<b>Social Welfare</b>	39,248	40,255	<b>41,608</b>	<b>6.0</b>	<b>-4.0</b>
<b>Infrastructure</b>	24,937	24,598	<b>39,373</b>	<b>57.9</b>	<b>53.7</b>
<b>Health</b>	35,828	36,848	<b>38,420</b>	<b>7.2</b>	<b>2.8</b>
<b>Security</b>	28,368	28,200	<b>30,625</b>	<b>8.0</b>	<b>3.7</b>
<b>Economic</b>	22,880	21,402	<b>16,753</b>	<b>-26.8</b>	<b>-28.1</b>
<b>Community and External Affairs</b>	32,571	38,613	<b>14,248</b>	<b>-56.3</b>	<b>-57.0</b>
<b>Environment and Food</b>	12,440	12,384	<b>14,121</b>	<b>13.5</b>	<b>10.9</b>
<b>Housing</b>	1,200	2,714	<b>210</b>	<b>-82.5</b>	<b>-83.4</b>
<b>Support</b>	37,647	33,908	<b>40,705</b>	<b>8.1</b>	<b>6.1</b>
	<u>312,394</u>	<u>314,857</u>	<u><b>297,728</b></u>	<b>-4.7</b>	<b>-8.4</b>

**Percentage Share of Expenditure by Policy Area Group  
Total Public Expenditure : 2009-10 Estimate**



**Percentage Share of Expenditure by Policy Area Group  
Total Government Expenditure : 2009-10 Estimate**



**SECTION IV – MAJOR CAPITAL PROJECTS TO BEGIN IN 2009–10**

Capital projects to start in 2009–10 include –

	<b>Project Estimates \$ million</b>
<b>Infrastructure</b>	<b>100,595</b>
— Central – Wan Chai Bypass and Island Eastern Corridor Link	
— Centre Street Escalator Link, stage 1	
— Detailed design for Tsuen Wan Bypass, widening of Tsuen Wan Road between Tsuen Tsing Interchange and Kwai Tsing Interchange and associated junction improvement works	
— Development of Government Helipad at the Hong Kong Convention and Exhibition Centre	
— Disposal of contaminated sediment – dredging, management and capping of sediment disposal facility at Sha Chau	
— Drainage improvement in Northern New Territories – package B (remaining works)	
— Elevated walkway across Tong Ming Street and Tong Tak Street, Tseung Kwan O	
— Expansion of Tai Po water treatment works and ancillary raw water and fresh water transfer facilities	
— Greening master plans for Hong Kong Island and Kowloon East and West – studies and works	
— Hang Hau Tsuen Channel at Lau Fau Shan	
— Hong Kong Section of Guangzhou–Shenzhen–Hong Kong Express Rail Link – construction	
— Hong Kong Section of Hong Kong–Shenzhen Airport Rail Link – design	
— Hong Kong–Zhuhai–Macao Bridge – detailed design and site investigation for Hong Kong Boundary Crossing Facilities, and funding support for preliminary design and site investigation for the Main Bridge	
— Improvement to Sham Tseng Interchange, road improvement works in association with the proposed realignment of Ngau Tau Kok Fourth Street and Fifth Street and construction of nearby footbridge links, and traffic improvements to Tuen Mun Road Town Centre section	
— Kai Tak development – stage 1 infrastructure works for developments at the southern part of the former runway and at north apron area of the former Kai Tak Airport for public housing and government office developments, and detailed design and site investigation for Kai Tak approach channel, Kwun Tong typhoon shelter improvement works and remaining infrastructure works for developments at the former runway	
— Liantang/Heung Yuen Wai Boundary Control Point and associated works – investigation and preliminary design	
— Ma On Shan Development – road, drainage and sewerage works at Whitehead and Lok Wo Sha phase 1	
— Mainlaying along Fanling Highway and near She Shan Tsuen – stage 1	
— Planning and engineering study on development of Lok Ma Chau Loop – consultants’ fees and site investigation	
— Review studies on Hung Shui Kiu new development area – consultants’ fees and site investigation	
— Revitalising Historic Buildings Through Partnership Scheme	
— Ring mains for Cheung Sha Wan salt water supply system	
— Salt water supply to Northwest New Territories – remaining works	
— Speed map panels in the New Territories	
— Trunk Road T2 – investigation and design	
— Tseung Kwan O further development – infrastructure works at Town Centre South and Tiu Keng Leng, and infrastructure works for Tseung Kwan O stage 1 landfill site	
— Upgrading of Wan Chai salt water supply system	
— West Island Line – funding support	
— Widening of Tolo Highway between Island House Interchange and Tai Hang	

	<b>Project Estimates \$ million</b>
<b>Environment and Food</b>	<b>24,176</b>
— Control of water pollution at Jordan Valley box culvert	
— Conversion of aqua privies into flushing toilets – phase 6	
— Harbour Area Treatment Scheme, stage 2A – construction of the sewage conveyance system and upgrading of Stonecutters Island sewage treatment works and preliminary treatment works	
— Re-provisioning of Wo Hop Shek Crematorium	
— Retrofitting of noise barriers on Fanling Highway from MTR Fanling Station to Wo Hing Road and from Po Shek Wu Road to MTR Fanling Station	
— Sewage upgrading works and associated works in Kam Tin, Kowloon City, Mui Wo, North District, Tolo Harbour, Tuen Mun and Yuen Long	
— Tai Po sewage treatment works, stage 5 phase 2B	
— Upgrading of Pillar Point sewage treatment works	
<b>Community and External Affairs</b>	<b>7,892</b>
— Conversion of Yau Ma Tei Theatre and Red Brick Building into a Xiqu Activity Centre	
— Cycle tracks connecting North West New Territories with North East New Territories	
— Development of a bathing beach at Lung Mei, Tai Po	
— Improvement works for Mong Kok Stadium	
— Lam Tin North Municipal Services Building	
— Public library and indoor recreation centre in Area 3, Yuen Long	
— Redevelopment of Kwun Tong Swimming Pool Complex and Kwun Tong Recreation Ground, and Victoria Park Swimming Pool Complex	
— Relocation and expansion of Hong Kong Maritime Museum	
— Sports centre and community hall in Area 101, Tin Shui Wai	
— Swimming pool complex in Area 1 (San Wai Court), Tuen Mun	
<b>Education</b>	<b>7,323</b>
— Baptist University Road campus development of the Baptist University of Hong Kong	
— Centralised general research lab complex (block 1) in Area 39 and two integrated teaching buildings of The Chinese University of Hong Kong	
— Innovation Tower and Phase 8 development of The Hong Kong Polytechnic University	
— New Academic Building of The Hong Kong University of Science and Technology	
— Phases 1 and 2 of Centennial Campus of The University of Hong Kong	

## **SECTION V – TRENDS IN PUBLIC EXPENDITURE : 2004–05 TO 2009–10**

### **Introduction**

**1** This section presents trends in public expenditure over the period 2004–05 to 2009–10. 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 2009–10 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 2004–05 to 2009–10**

Policy Area Groups	Actual				Revised Estimate	Estimate
	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10
	%	%	%	%	%	%
<b>Education</b>	22.0	22.2	22.0	22.1	21.9	22.3
<b>Social Welfare</b>	15.5	15.9	16.0	16.0	17.1	16.3
<b>Health</b>	14.7	14.6	14.7	14.9	14.8	14.8
<b>Security</b>	11.2	11.1	11.1	11.4	11.3	11.1
<b>Infrastructure</b>	5.5	5.6	5.4	5.4	5.3	5.4
<b>Economic</b>	4.9	5.1	5.0	5.0	4.7	4.7
<b>Housing</b>	5.0	5.3	5.1	4.4	4.4	4.3
<b>Environment and Food</b>	3.7	3.7	3.9	4.0	4.0	4.2
<b>Community and External Affairs</b>	3.2	3.3	3.3	3.3	3.3	3.3
<b>Support</b>	14.3	13.2	13.5	13.5	13.2	13.6
	100.0	100.0	100.0	100.0	100.0	100.0
	\$m	\$m	\$m	\$m	\$m	\$m
<b>Total Recurrent Public Expenditure</b>	205,426	200,710	203,162	212,121	229,406	241,438

## Total Public Expenditure by Policy Area Group 2004–05 to 2009–10

Policy Area Groups	Actual				Revised Estimate	Estimate
	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10
	%	%	%	%	%	%
<b>Education</b>	21.2	22.2	21.5	21.3	22.7	19.3
<b>Social Welfare</b>	12.9	13.6	13.9	13.8	12.0	13.0
<b>Infrastructure</b>	12.0	11.0	9.7	9.0	7.4	12.4
<b>Health</b>	12.5	12.9	13.3	13.3	11.0	12.0
<b>Security</b>	9.9	10.1	10.4	11.1	8.4	9.6
<b>Economic</b>	4.9	5.1	5.3	5.3	7.6	6.4
<b>Housing</b>	7.0	6.3	6.1	5.7	5.5	5.6
<b>Community and External Affairs</b>	3.1	3.2	3.3	3.3	11.6	4.5
<b>Environment and Food</b>	4.0	3.9	4.2	4.8	3.7	4.4
<b>Support</b>	12.5	11.7	12.3	12.4	10.1	12.8
	100.0	100.0	100.0	100.0	100.0	100.0
	\$m	\$m	\$m	\$m	\$m	\$m
<b>Total Public Expenditure</b>	257,137	244,982	241,744	252,395	334,602	319,359

## SECTION VI – KEY TO CLASSIFICATION OF EXPENDITURE

## Index of Policy Area Groups

<b>Policy Area Group</b>	<b>Description by Policy Area</b>	<b>Reference (Note)</b>
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, 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.