

APPENDIX B

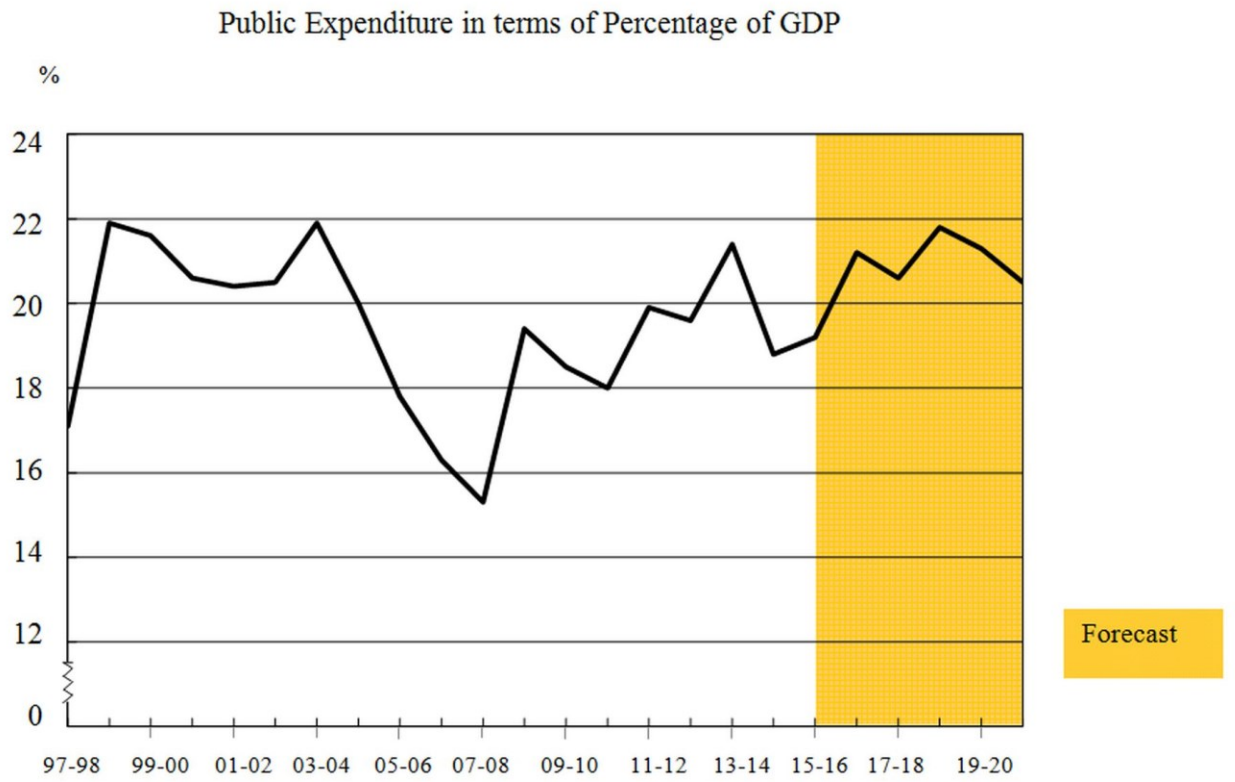
ANALYSIS OF EXPENDITURE AND REVENUE

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SECTION I THE ESTIMATES IN THE CONTEXT OF THE ECONOMY

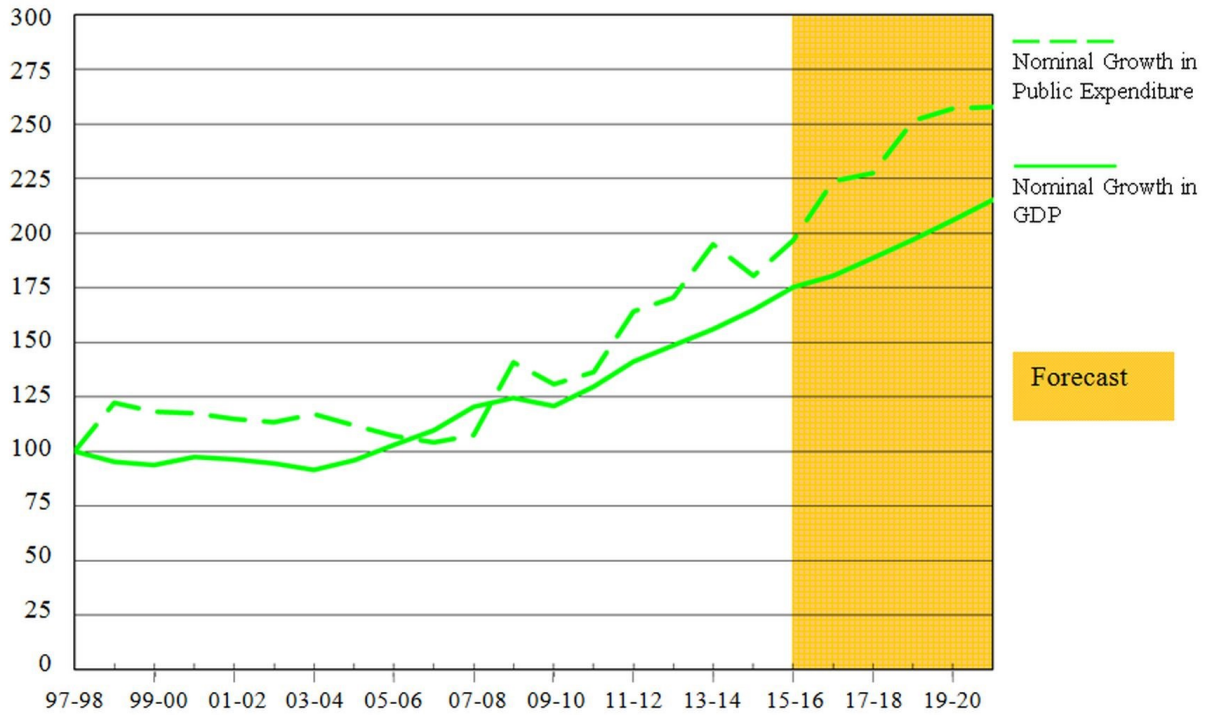
Relationship between Government Expenditure, Public Expenditure and GDP

	2016-17 Estimate ₹m
General Revenue Account	
Operating	376,800
Capital	4,533
	<hr/> 381,333
Capital Investment Fund	11,156
Capital Works Reserve Fund	84,546
Innovation and Technology Fund	1,258
Loan Fund	6,690
Lotteries Fund	1,888
	<hr/> 486,871
Government Expenditure	486,871
Trading Funds	4,574
Housing Authority	33,936
	<hr/> 525,381
Public Expenditure	525,381
	<hr/>
GDP	2,475,100
Public Expenditure in terms of percentage of GDP	21.2%



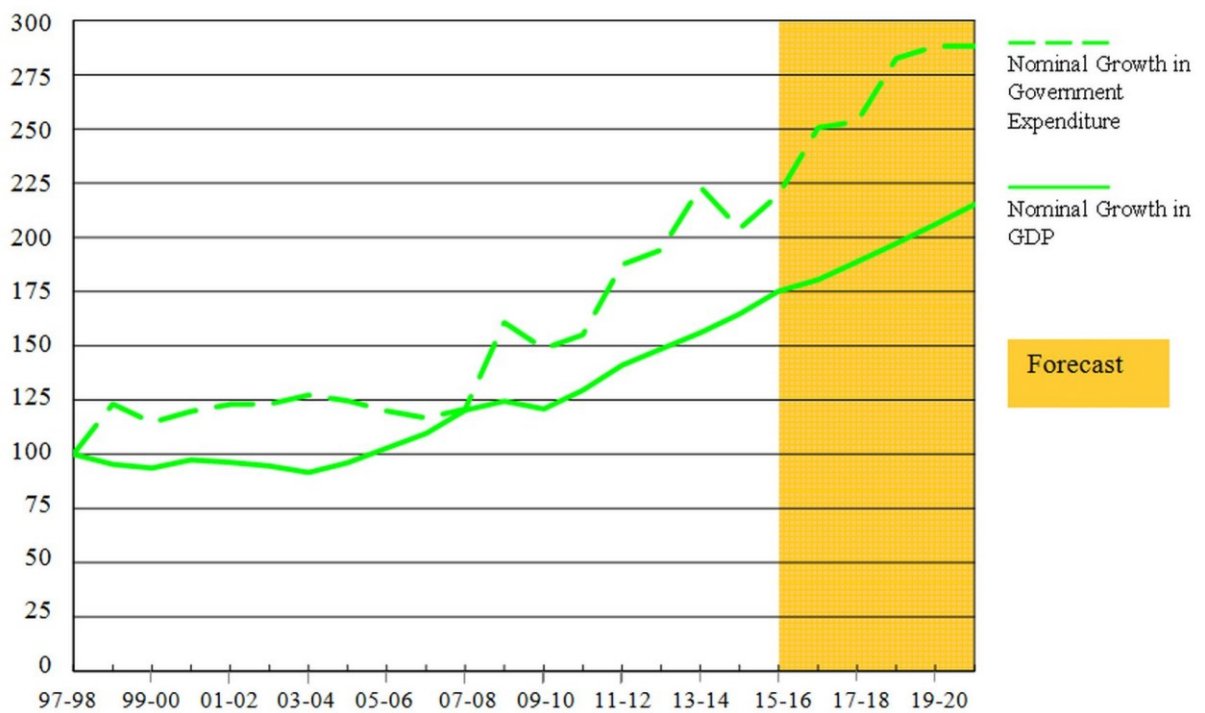
Comparison of Cumulative Growth in Public Expenditure
with Cumulative Growth in GDP
since 1997-98

Index
(97-98 = 100)



Comparison of Cumulative Growth in Government Expenditure
with Cumulative Growth in GDP
since 1997-98

Index
(97-98 = 100)



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

Recurrent Public Expenditure : Year-on-Year Change

	2014-15 Actual \$m	2015-16 Revised Estimate \$m	2016-17 Estimate \$m	Increase/Decrease over 2015-16 Revised Estimate	
				in Nominal Terms %	in Real Terms %
Education	67,803	72,453	74,695	3.1	2.7
Social Welfare	54,285	58,350	66,166	13.4	7.4
Health	54,091	56,420	57,288	1.5	1.2
Security	35,527	37,172	38,717	4.2	3.8
Infrastructure	18,941	20,160	20,992	4.1	2.5
Economic	14,668	14,783	15,419	4.3	3.2
Environment and Food	12,839	13,688	14,745	7.7	6.8
Housing	12,219	13,370	14,125	5.6	4.2
Community and External Affairs	10,575	11,410	12,080	5.9	4.9
Support	40,989	45,420	51,461	13.3	11.5
	<u>321,937</u>	<u>343,226</u>	<u>365,688</u>	6.5	4.8

Nominal GDP growth in 2016

2.5% to 3.5%

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

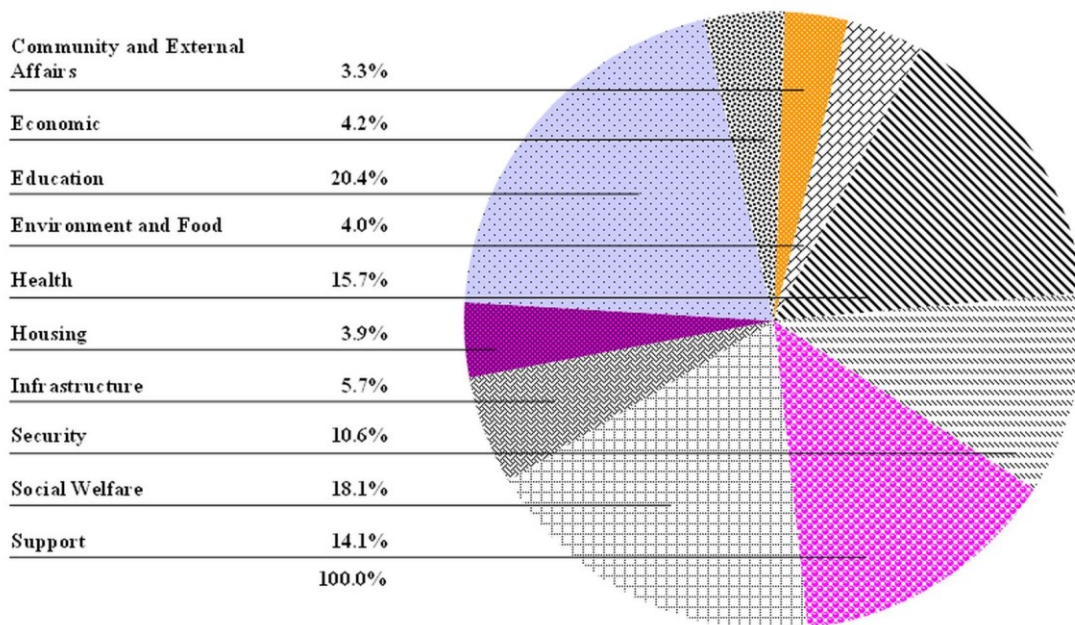
Recurrent Government Expenditure : Year-on-Year Change

	2014-15 Actual \$m	2015-16 Revised Estimate \$m	2016-17 Estimate \$m	Increase/Decrease over 2015-16 Revised Estimate	
				in Nominal Terms %	in Real Terms %
Education	67,803	72,453	74,695	3.1	2.7
Social Welfare	54,285	58,350	66,166	13.4	7.4
Health	54,091	56,420	57,288	1.5	1.2
Security	35,527	37,172	38,717	4.2	3.8
Infrastructure	18,750	19,947	20,756	4.1	2.5
Economic	9,902	10,478	11,182	6.7	5.9
Environment and Food	12,839	13,688	14,745	7.7	6.8
Housing	329	370	371	0.3	0.0
Community and External Affairs	10,575	11,410	12,080	5.9	4.9
Support	40,989	45,420	51,461	13.3	11.5
	<u>305,090</u>	<u>325,708</u>	<u>347,461</u>	6.7	5.0

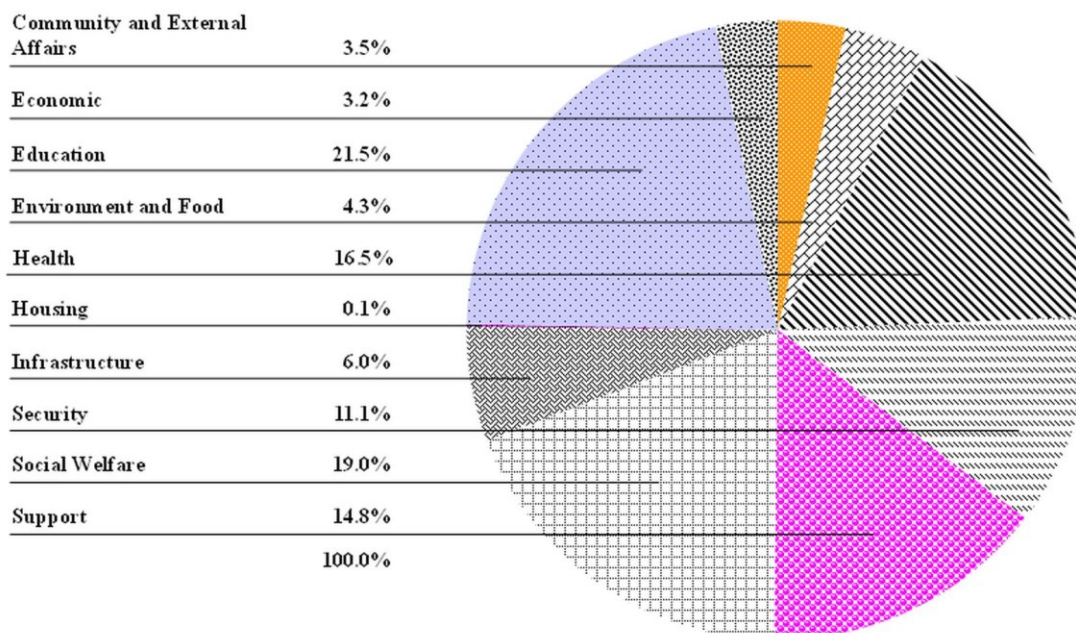
Nominal GDP growth in 2016

2.5% to 3.5%

**Percentage Share of Expenditure by Policy Area Group
Recurrent Public Expenditure : 2016-17 Estimate**



**Percentage Share of Expenditure by Policy Area Group
Recurrent Government Expenditure : 2016-17 Estimate**



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

Total Public Expenditure : Year-on-Year Change

	2014-15 Actual \$m	2015-16 Revised Estimate \$m	2016-17 Estimate \$m	Increase/Decrease over 2015-16 Revised Estimate	
				in Nominal Terms %	in Real Terms %
Education	73,724	79,122	84,024	6.2	5.6
Social Welfare	58,091	65,001	72,428	11.4	5.8
Health	57,508	60,774	77,567	27.6	26.8
Security	38,906	43,000	43,551	1.3	0.7
Infrastructure	74,126	79,533	86,060	8.2	3.3
Economic	20,529	19,696	35,265	79.0	75.4
Environment and Food	21,521	21,982	21,872	-0.5	-2.3
Housing	24,349	32,092	34,460	7.4	3.2
Community and External Affairs	12,618	13,635	15,362	12.7	10.8
Support	42,734	47,315	54,792	15.8	14.0
	<u>424,106</u>	<u>462,150</u>	<u>525,381</u>	13.7	11.0

Nominal GDP growth in 2016

2.5% to 3.5%

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

Total Government Expenditure : Year-on-Year Change

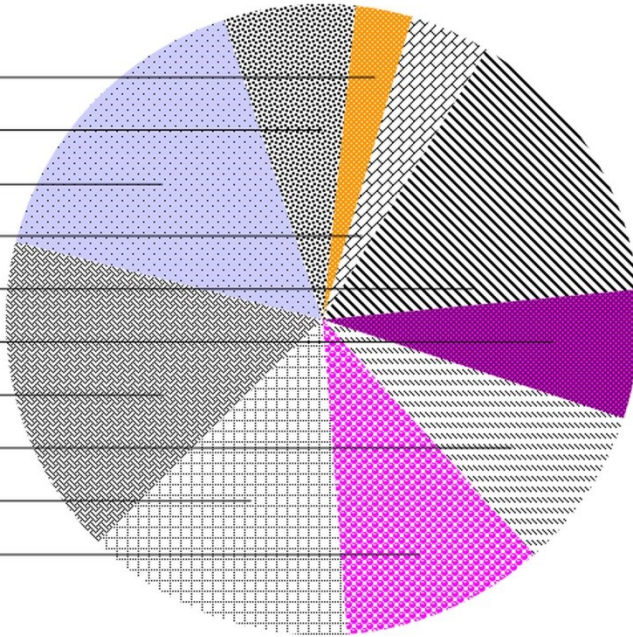
	2014-15 Actual \$m	2015-16 Revised Estimate \$m	2016-17 Estimate \$m	Increase/Decrease over 2015-16 Revised Estimate	
				in Nominal Terms %	in Real Terms %
Education	73,724	79,122	84,024	6.2	5.6
Social Welfare	58,091	65,001	72,428	11.4	5.8
Health	57,508	60,774	77,567	27.6	26.8
Security	38,906	43,000	43,551	1.3	0.7
Infrastructure	73,926	79,313	85,813	8.2	3.3
Economic	15,703	15,201	30,938	103.5	99.3
Environment and Food	21,521	21,982	21,872	-0.5	-2.3
Housing	1,452	1,638	524	-68.0	-68.5
Community and External Affairs	12,618	13,635	15,362	12.7	10.8
Support	42,734	47,315	54,792	15.8	14.0
	<u>396,183</u>	<u>426,981</u>	<u>486,871</u>	14.0	11.5

Nominal GDP growth in 2016

2.5% to 3.5%

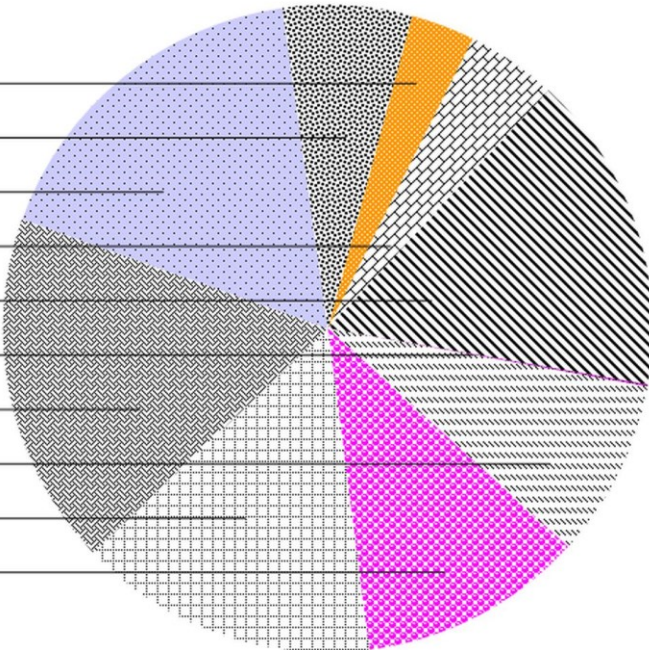
**Percentage Share of Expenditure by Policy Area Group
Total Public Expenditure : 2016-17 Estimate**

Community and External Affairs	2.9%
Economic	6.7%
Education	16.0%
Environment and Food	4.1%
Health	14.8%
Housing	6.6%
Infrastructure	16.4%
Security	8.3%
Social Welfare	13.8%
Support	10.4%
	100.0%



**Percentage Share of Expenditure by Policy Area Group
Total Government Expenditure : 2016-17 Estimate**

Community and External Affairs	3.2%
Economic	6.4%
Education	17.3%
Environment and Food	4.5%
Health	15.9%
Housing	0.1%
Infrastructure	17.6%
Security	8.9%
Social Welfare	14.9%
Support	11.2%
	100.0%



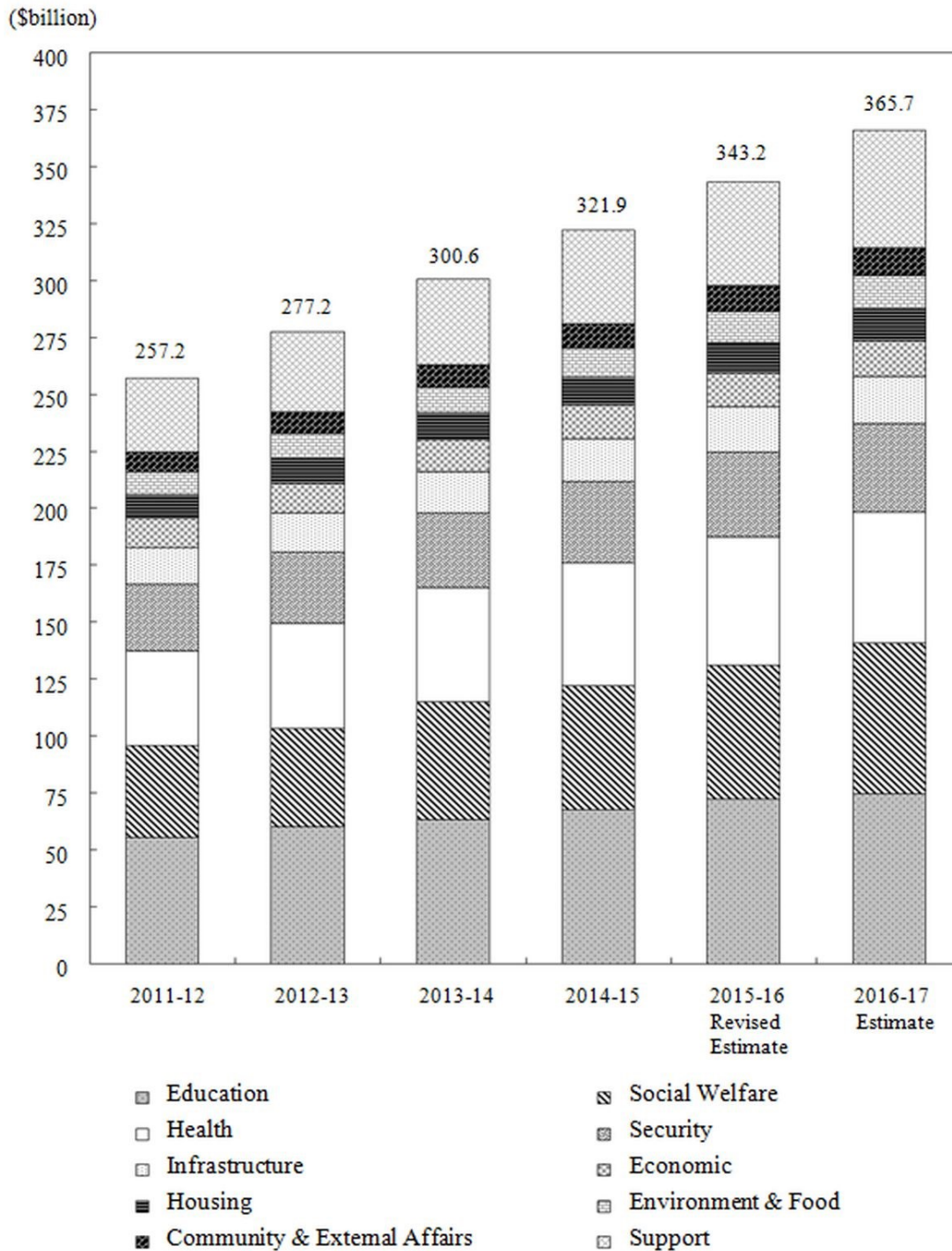
SECTION IV MAJOR CAPITAL PROJECTS PLANNED FOR COMMENCEMENT IN 2016-17

Major capital projects estimated to begin in 2016-17 include –

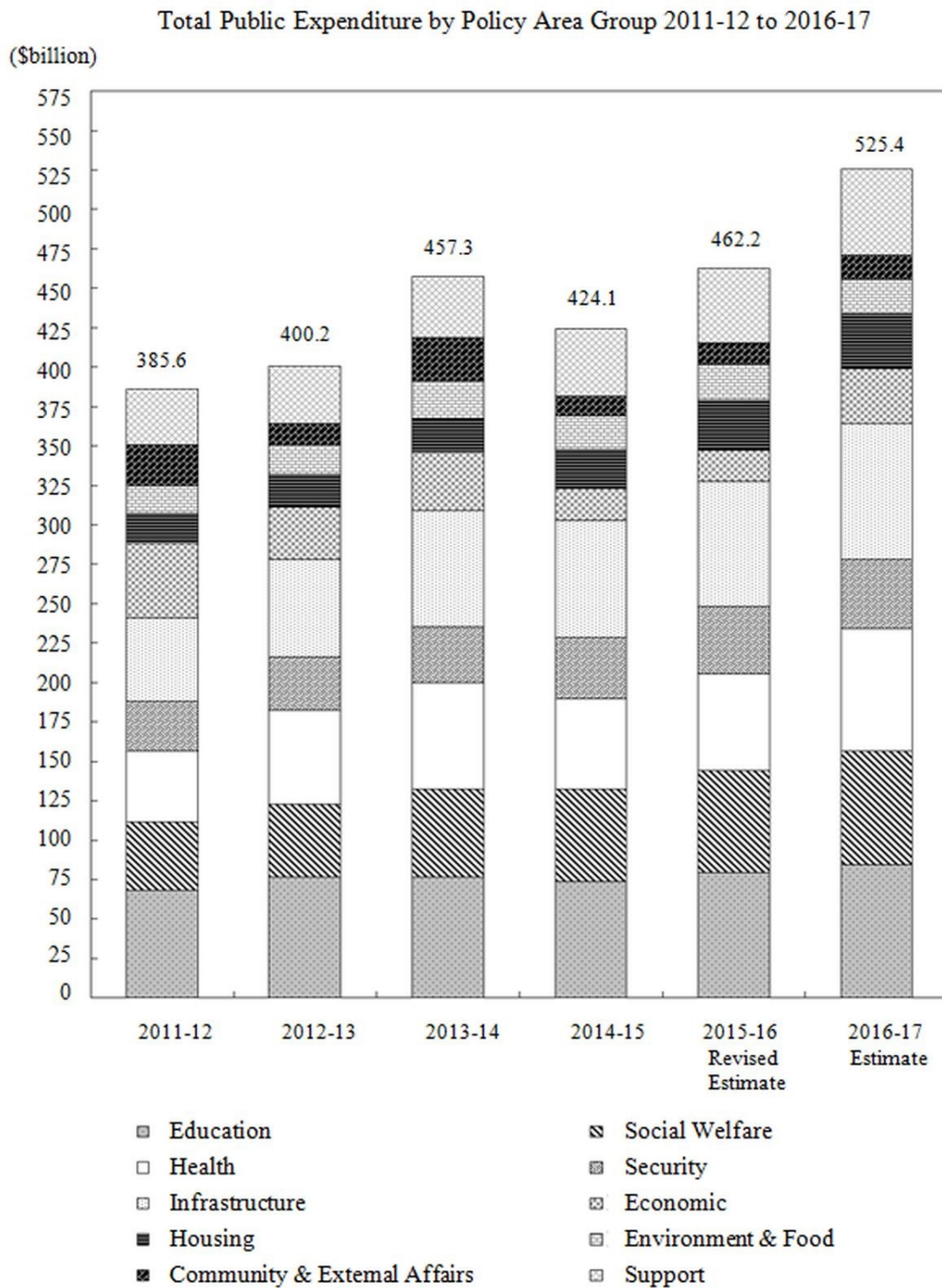
	Project Estimates \$ billion
Infrastructure	64.7
— Kai Tak development—stage 3B and stage 5A infrastructure at former north apron area	
— Tung Chung New Town Extension—detailed design and site investigation	
— Infrastructure works for development at Queen’s Hill, Fanling	
— Central Kowloon Route—Main Works	
— Retrofitting of noise barriers on Tuen Mun Road (Fu Tei Section)	
— Tseung Kwan O–Lam Tin Tunnel—construction	
— Improvement of water supply to Sheung Shui and Fanling	
Community and External Affairs	6.9
— Cycle tracks connecting North West New Territories with North East New Territories— Tuen Mun to Sheung Shui section (Remaining)	
— Sports centre at Choi Wing Road, Kwun Tong	
— Sports centre, community hall and football pitches in Area 1, Tai Po	
— Sports centre, 5-a-side soccer pitch and public library facilities at Northwest Kowloon Reclamation Site 6, Sham Shui Po	
— 3 projects under Youth Hostel Scheme	
— 14 projects under Signature Project Scheme	
Environment and Food	5.9
— Construction of additional sewage rising main and rehabilitation of the existing sewage rising main between Tung Chung and Siu Ho Wan	
— Upgrading of San Wai sewage treatment works—phase 1	
— Provision of columbarium at Wo Hop Shek Cemetery—Phase 1	
Health	4.7
— Redevelopment of Kwong Wah Hospital—main works (demolition and substructure works for Phase 1)	
— Expansion of Haven of Hope Hospital	
— Redevelopment of Kwai Chung Hospital—phase 1	
— Redevelopment of Grantham Hospital (phase 1)—preparatory works	
Security	4.3
— Renovation works for the West Wing of the former Central Government Offices for office use by the Department of Justice and law-related organisations	
— Kowloon East Regional Headquarters and Operational Base-cum-Ngau Tau Kok Divisional Police Station	
Support	2.9
— Re-provisioning of Transport Department's vehicle examination centres at Tsing Yi	
Education	0.6
— A 30-classroom secondary school at site 1A-2, Kai Tak development	

SECTION V TRENDS IN PUBLIC EXPENDITURE : 2011-12 TO 2016-17

Recurrent Public Expenditure by Policy Area Group 2011-12 to 2016-17

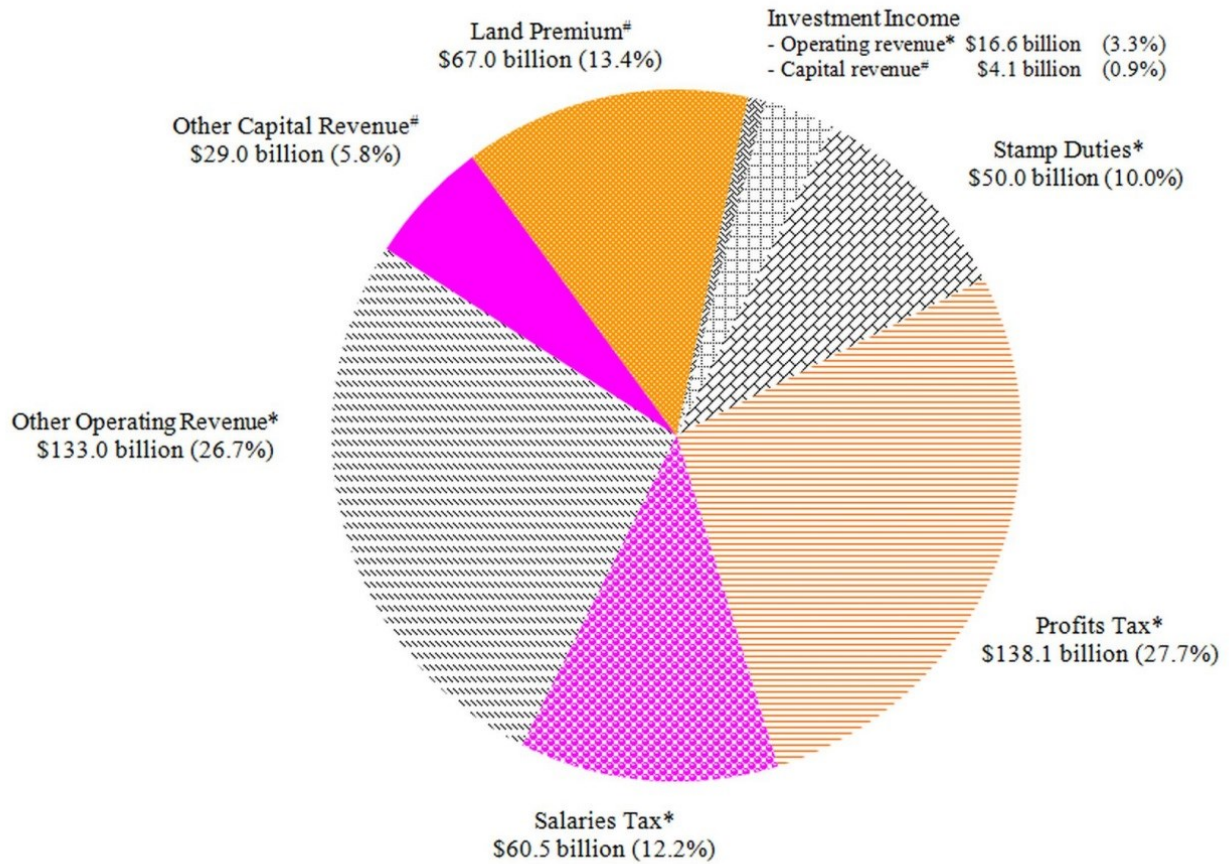


SECTION V TRENDS IN PUBLIC EXPENDITURE : 2011-12 TO 2016-17



SECTION VI ANALYSIS OF GOVERNMENT REVENUE

2016-17 Estimate (\$498.3 billion)



* Operating Revenue \$398.2 billion (79.9%)

Capital Revenue \$100.1 billion (20.1%)

SECTION VII CLASSIFICATION OF POLICY AREA GROUP

Policy Area Group	Policy Area (Note)	
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 2016-17 Estimates. The index further provides details, by head of expenditure, of individual programmes which contribute to a policy area.

