

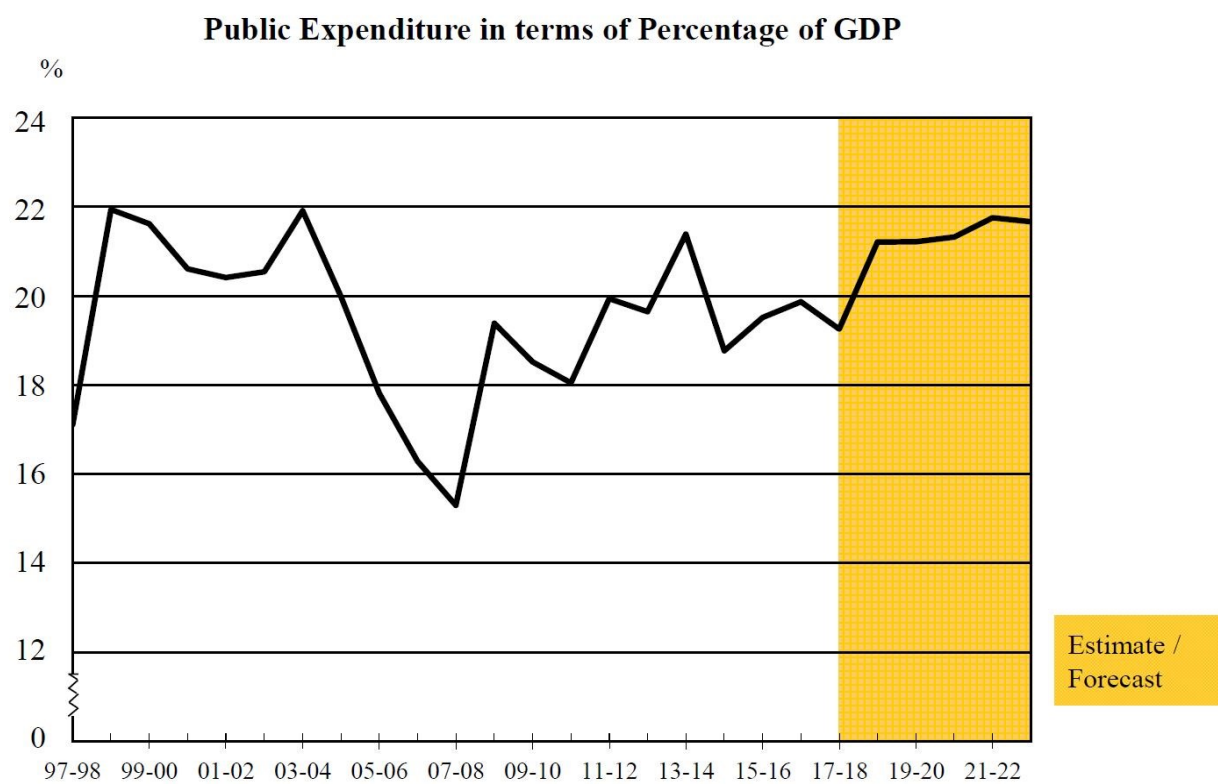
APPENDIX B

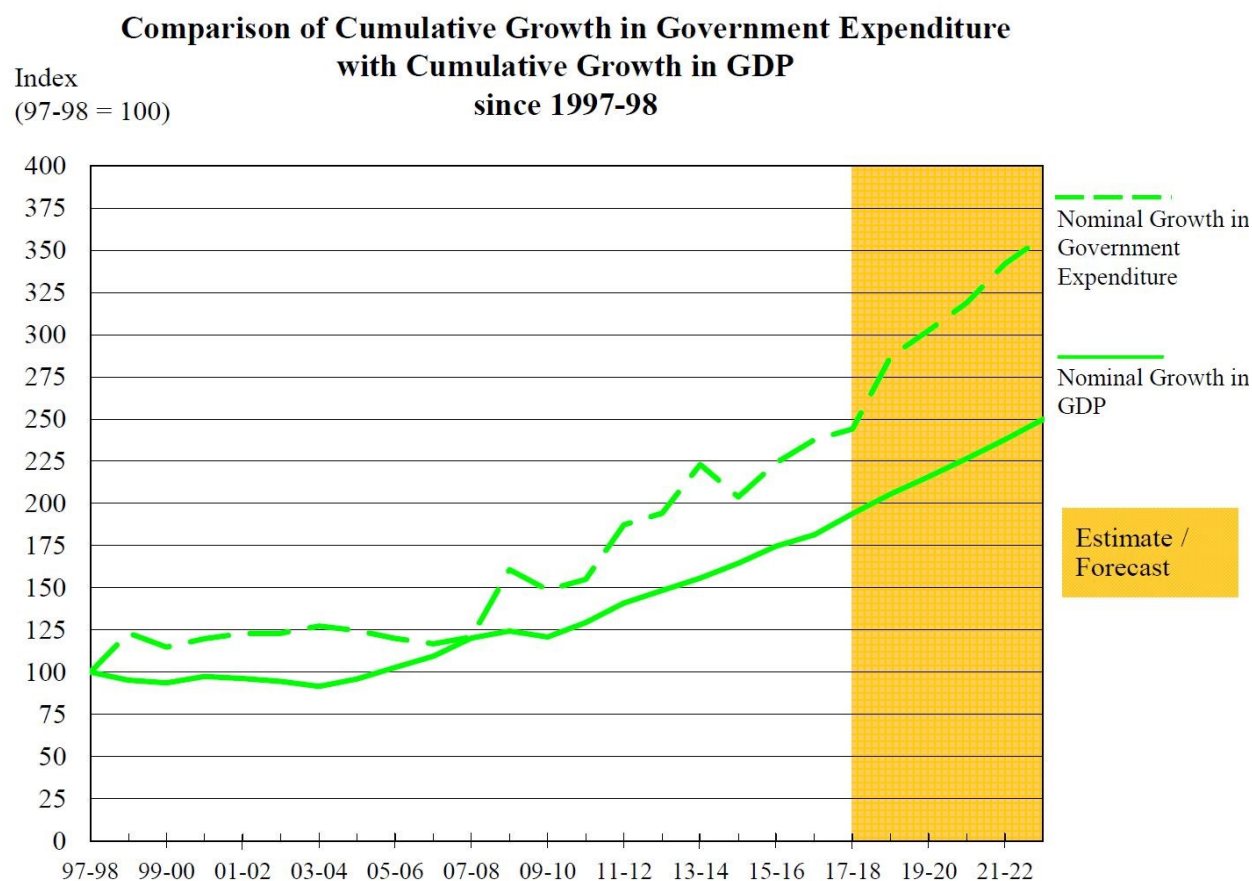
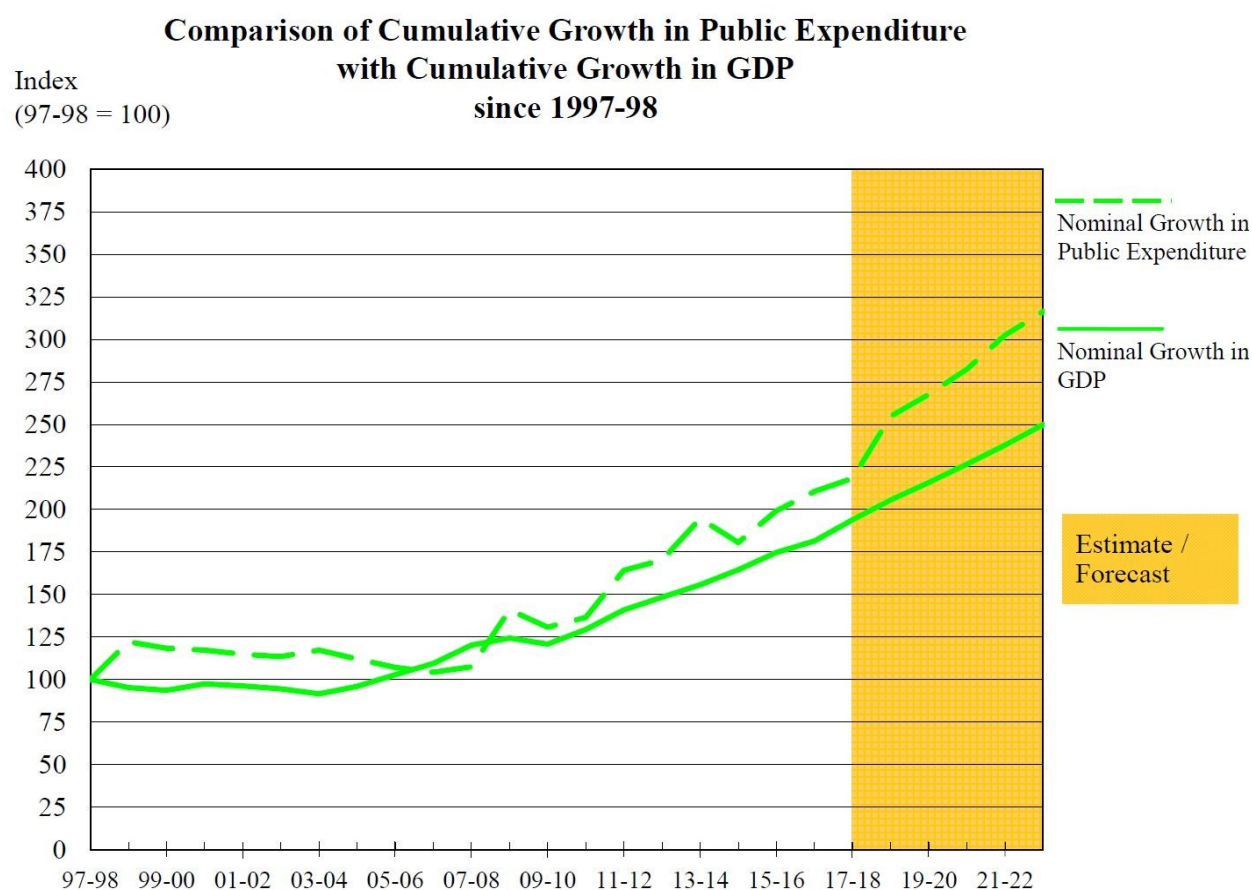
ANALYSIS OF EXPENDITURE AND REVENUE

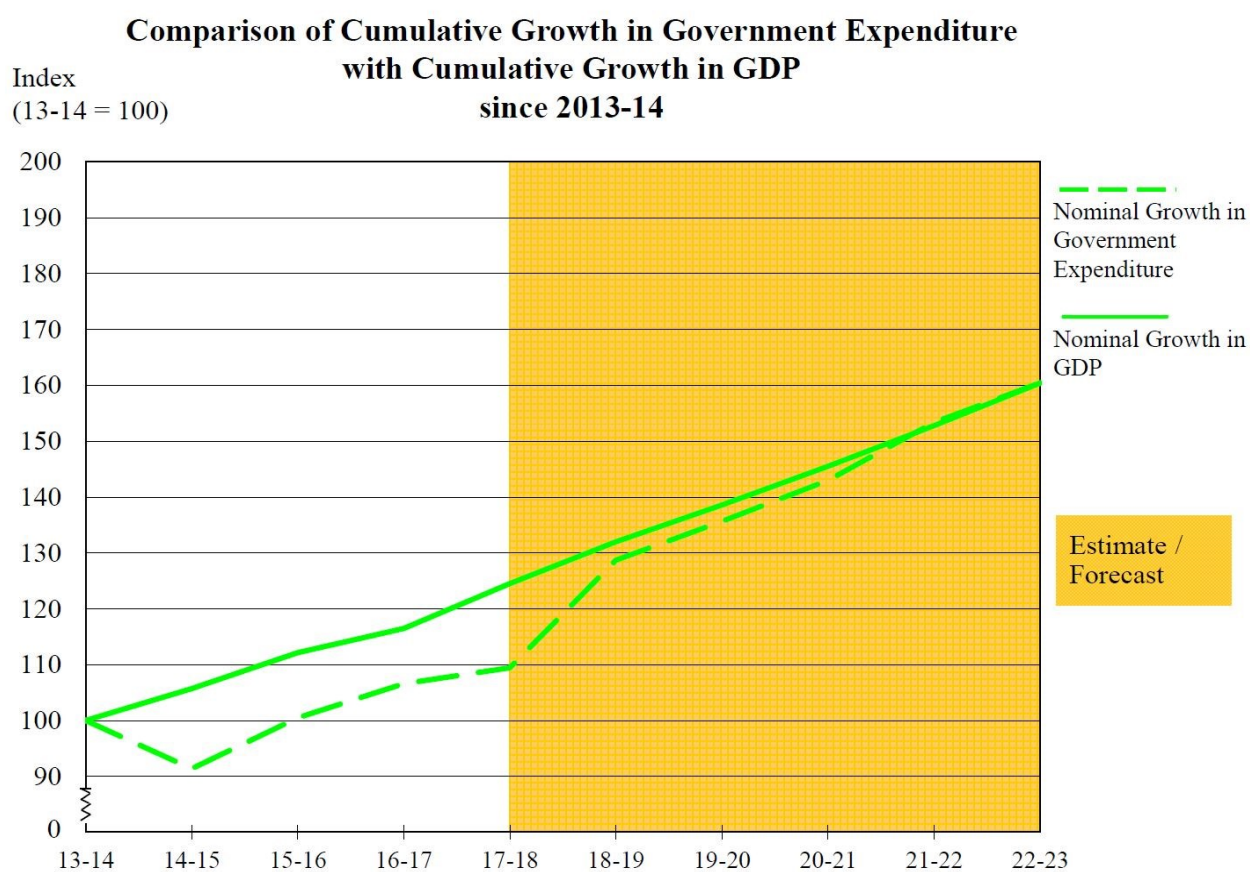
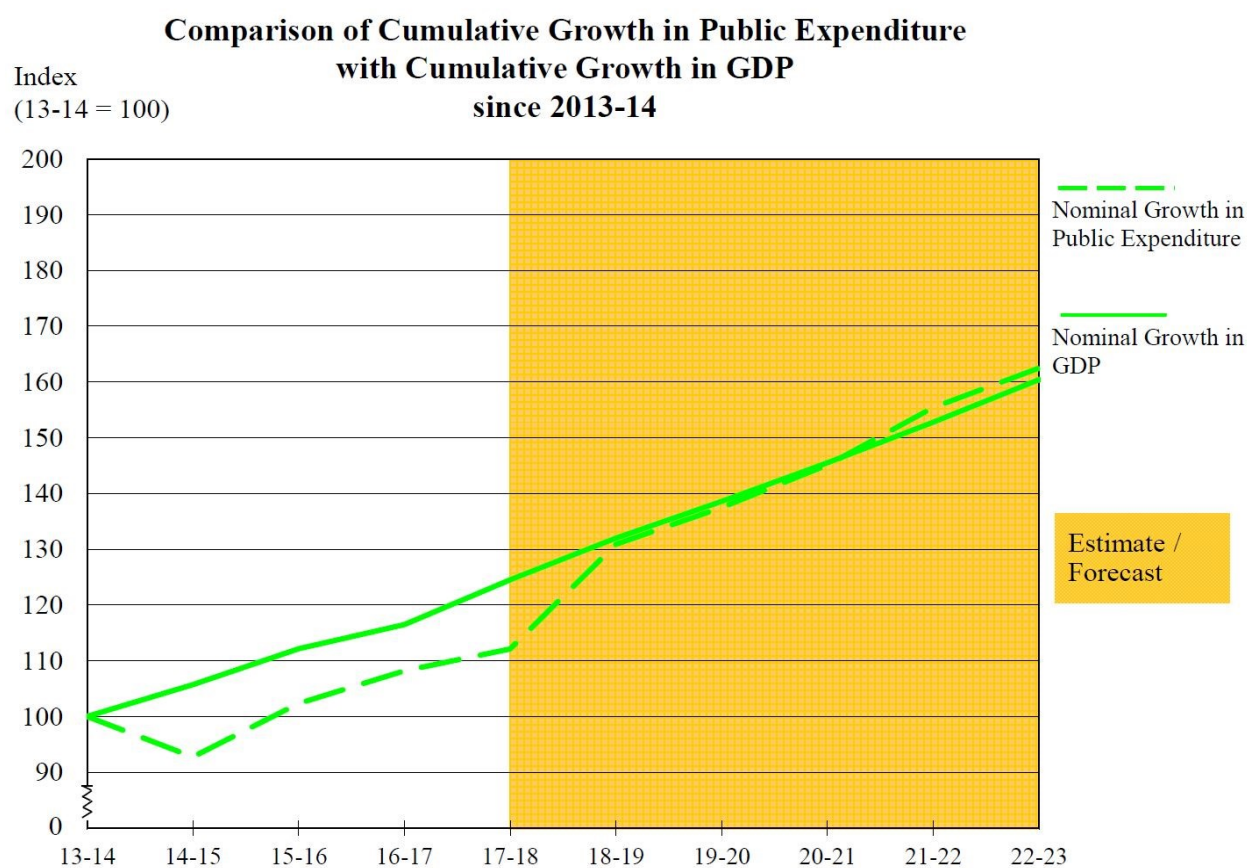
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SECTION I THE ESTIMATES IN THE CONTEXT OF THE ECONOMY**Relationship between Government Expenditure, Public Expenditure and GDP**

	2018-19 Estimate \$m
General Revenue Account	
Operating	441,500
Capital	6,388
	<hr/> 447,888
Capital Investment Fund	1,694
Capital Works Reserve Fund	98,293
Innovation and Technology Fund	2,085
Loan Fund	4,947
Lotteries Fund	2,981
Government Expenditure	<hr/> 557,888
Trading Funds	5,546
Housing Authority	35,149
Public Expenditure	<hr/> 598,583
GDP	2,822,400
Public Expenditure in terms of percentage of GDP	21.2%







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

Recurrent Public Expenditure : Year-on-Year Change

	2016-17 Actual \$m	2017-18 Revised Estimate \$m	2018-19 Estimate \$m	Increase/Decrease over 2017-18 Revised Estimate in Nominal Terms %	in Real Terms %
Education	75,533	80,141	84,649	5.6	4.9
Social Welfare	63,548	65,832	79,824	21.3	19.9
Health	58,712	62,802	71,158	13.3	12.5
Security	38,933	40,741	44,861	10.1	9.4
Infrastructure	21,045	22,267	25,173	13.1	12.0
Environment and Food	14,551	15,467	17,739	14.7	13.0
Economic	15,082	16,271	17,728	9.0	7.3
Housing	13,616	14,434	15,495	7.4	4.9
Community and External Affairs	12,227	12,692	13,263	4.5	3.0
Support	48,872	52,050	56,921	9.4	9.0
	<u>362,119</u>	<u>382,697</u>	<u>426,811</u>	11.5	10.6

GDP growth in 2018

5.5% to 6.5% 3% to 4%

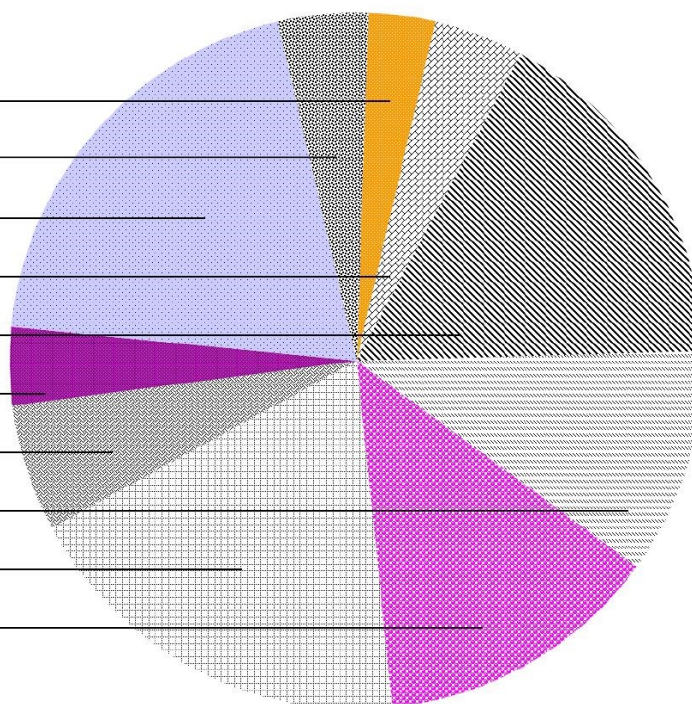
**SECTION II RECURRENT PUBLIC/GOVERNMENT EXPENDITURE
BY POLICY AREA GROUP**

Recurrent Government Expenditure : Year-on-Year Change

	2016-17 Actual \$m	2017-18 Revised Estimate \$m	2018-19 Estimate \$m	Increase/Decrease over 2017-18 Revised Estimate in Nominal Terms %	in Real Terms %
Education	75,533	80,141	84,649	5.6	4.9
Social Welfare	63,548	65,832	79,824	21.3	19.9
Health	58,712	62,802	71,158	13.3	12.5
Security	38,933	40,741	44,861	10.1	9.4
Infrastructure	20,838	22,053	24,931	13.1	12.0
Environment and Food	14,551	15,467	17,739	14.7	13.0
Economic	11,051	11,514	12,724	10.5	9.3
Housing	373	400	424	6.0	5.8
Community and External Affairs	12,227	12,692	13,263	4.5	3.0
Support	48,872	52,050	56,921	9.4	9.0
	<u>344,638</u>	<u>363,692</u>	<u>406,494</u>	11.8	10.9
 GDP growth in 2018				5.5% to 6.5%	3% to 4%

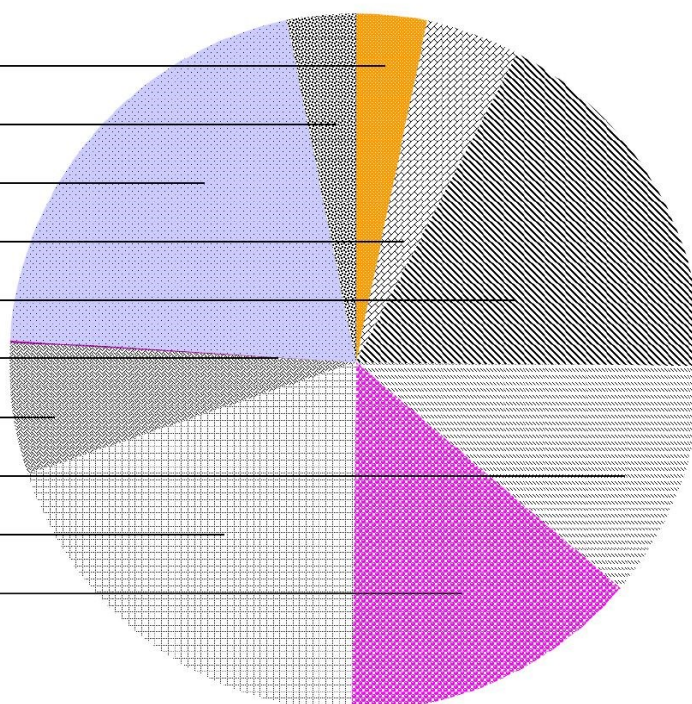
Percentage Share of Expenditure by Policy Area Group
Recurrent Public Expenditure : 2018-19 Estimate

Community and External Affairs	3.1%
Economic	4.2%
Education	19.8%
Environment and Food	4.2%
Health	16.7%
Housing	3.6%
Infrastructure	5.9%
Security	10.5%
Social Welfare	18.7%
Support	13.3%
	100.0%



Percentage Share of Expenditure by Policy Area Group
Recurrent Government Expenditure : 2018-19 Estimate

Community and External Affairs	3.3%
Economic	3.2%
Education	20.8%
Environment and Food	4.4%
Health	17.5%
Housing	0.1%
Infrastructure	6.1%
Security	11.0%
Social Welfare	19.6%
Support	14.0%
	100.0%



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

Total Public Expenditure : Year-on-Year Change

	2016-17 Actual \$m	2017-18 Revised Estimate \$m	2018-19 Estimate \$m	Increase/Decrease over 2017-18 Revised Estimate in Nominal Terms %	in Real Terms %
Education	82,436	88,507	113,672	28.4	26.0
Social Welfare	68,151	70,850	92,194	30.1	27.5
Health	66,474	71,234	77,979	9.5	7.7
Security	43,162	46,048	53,259	15.7	13.7
Infrastructure	89,402	87,284	85,901	-1.6	-5.6
Environment and Food	20,834	22,046	26,709	21.2	17.6
Economic	29,365	21,498	26,517	23.3	20.7
Housing	28,875	33,673	35,698	6.0	1.9
Community and External Affairs	14,851	16,555	25,606	54.7	51.2
Support	51,266	55,017	61,048	11.0	9.7
	<u>494,816</u>	<u>512,712</u>	<u>598,583</u>	16.7	14.1

GDP growth in 2018

5.5% to 6.5% 3% to 4%

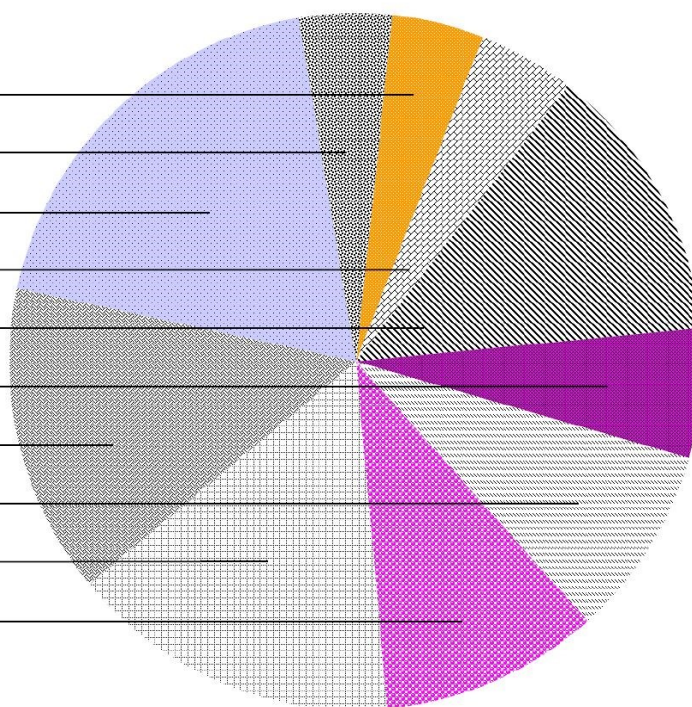
**SECTION III TOTAL PUBLIC/GOVERNMENT EXPENDITURE
BY POLICY AREA GROUP**

Total Government Expenditure : Year-on-Year Change

	2016-17 Actual \$m	2017-18 Revised Estimate \$m	2018-19 Estimate \$m	Increase/Decrease over 2017-18 Revised Estimate in Nominal Terms %	in Real Terms %
Education	82,436	88,507	113,672	28.4	26.0
Social Welfare	68,151	70,850	92,194	30.1	27.5
Health	66,474	71,234	77,979	9.5	7.7
Security	43,162	46,048	53,259	15.7	13.7
Infrastructure	89,190	87,052	85,636	-1.6	-5.6
Environment and Food	20,834	22,046	26,709	21.2	17.6
Economic	25,218	16,565	21,236	28.2	25.6
Housing	470	532	549	3.2	1.3
Community and External Affairs	14,851	16,555	25,606	54.7	51.2
Support	51,266	55,017	61,048	11.0	9.7
	<u>462,052</u>	<u>474,406</u>	<u>557,888</u>	17.6	15.0
GDP growth in 2018				5.5% to 6.5%	3% to 4%

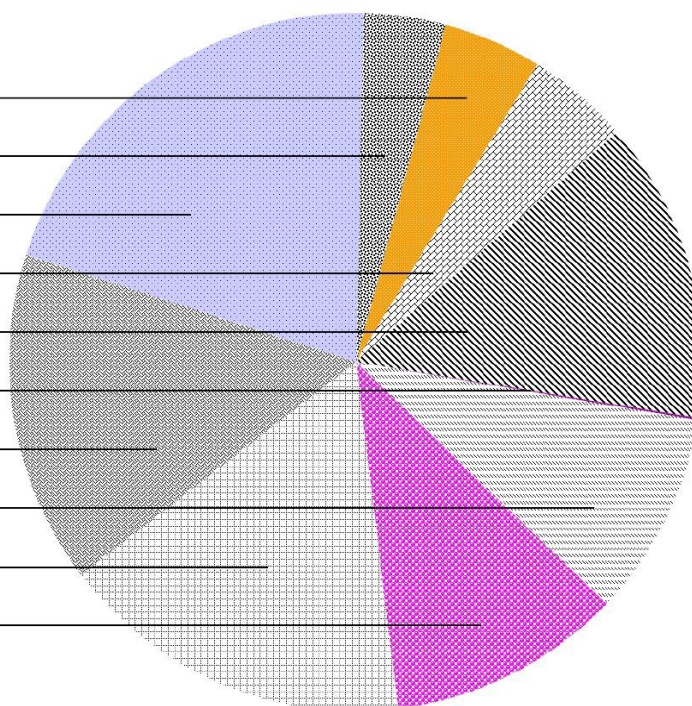
Percentage Share of Expenditure by Policy Area Group
Total Public Expenditure : 2018-19 Estimate

Community and External Affairs	4.3%
Economic	4.3%
Education	19.0%
Environment and Food	4.5%
Health	13.0%
Housing	6.0%
Infrastructure	14.4%
Security	8.9%
Social Welfare	15.4%
Support	10.2%
	100.0%



Percentage Share of Expenditure by Policy Area Group
Total Government Expenditure : 2018-19 Estimate

Community and External Affairs	4.6%
Economic	3.8%
Education	20.4%
Environment and Food	4.8%
Health	14.0%
Housing	0.1%
Infrastructure	15.4%
Security	9.5%
Social Welfare	16.5%
Support	10.9%
	100.0%



SECTION IV MAJOR CAPITAL PROJECTS PLANNED FOR COMMENCEMENT IN 2018-19

Major capital projects estimated to begin in 2018-19 include –

	Project Estimates \$ billion
Health	31.8
— Redevelopment of Queen Mary Hospital, phase 1—main works	
— New Acute Hospital at Kai Tak Development Area—foundation, excavation and lateral support, and basement excavation works	
— Redevelopment of Kwong Wah Hospital—main works (superstructure and associated works for Phase 1)	
Infrastructure	28.1
— West Kowloon drainage improvement—inter-reservoirs transfer scheme	
— Lift and pedestrian walkway system between Castle Peak Road and Kung Yip Street, Kwai Chung	
— Elevated pedestrian corridor in Yuen Long Town connecting with Long Ping Station	
— Retrofitting of noise barriers on Tai Po Road (Sha Tin Section)	
— Development of Lok Ma Chau Loop—land decontamination and advance engineering works	
— Kai Tak development—stage 4 and stage 5 infrastructure at the former runway and south apron	
— Cross Bay Link, Tseung Kwan O—construction	
— Widening of Tai Po Road (Sha Tin Section)—construction	
— Implementation of Water Intelligent Network, stage 2	
— Water supply to new housing developments in Sheung Shui and Fanling	
— Design and construction for first stage of desalination plant at Tseung Kwan O—main works	
— Road improvement works at Ma On Shan, Sha Tin	
Environment and Food	14.8
— Reprovisioning of Fu Shan Public Mortuary at Sha Tin	
— Provision of columbarium at Cape Collinson Road in Chai Wan	
— Upgrading of Central and East Kowloon sewerage—phase 3	
— Rehabilitation of trunk sewers in Tuen Mun	
— Expansion of Sha Tau Kok Sewage Treatment Works—phase 1	
— Upgrading of sewage pumping stations and sewerage along Ting Kok Road	
— Shek Wu Hui Effluent Polishing Plant—main works stage 1	
— Relocation of Sha Tin sewage treatment works to caverns—site preparation and access tunnel construction	
Support	8.7
— Building a government data centre complex—construction	
— Joint-user Government Office Building in Cheung Sha Wan—construction	
— Inland Revenue Tower in Kai Tak Development	

**Project
Estimates
\$ billion**

Community and External Affairs

5.5

- Provision of heated pool at the Morse Park Swimming Pool Complex, Wong Tai Sin
- Swimming pool complex and open space in Area 107, Tin Shui Wai
- Station Square at Kai Tak
- Youth Hostel Scheme—construction works by Po Leung Kuk for the youth hostel project in Ma Tin Pok, Yuen Long
- Community hall cum social welfare facilities at Queen's Hill, Fanling

Economic

1.6

- Reprovisioning of the Hongkong Post's Headquarters

Security

1.6

- Construction of departmental quarters for Customs and Excise Department at Tseung Kwan O Area 123 (Po Lam Road)
- Construction of departmental quarters for Customs and Excise Department at No. 57 Sheung Fung Street, Tsz Wan Shan

Education

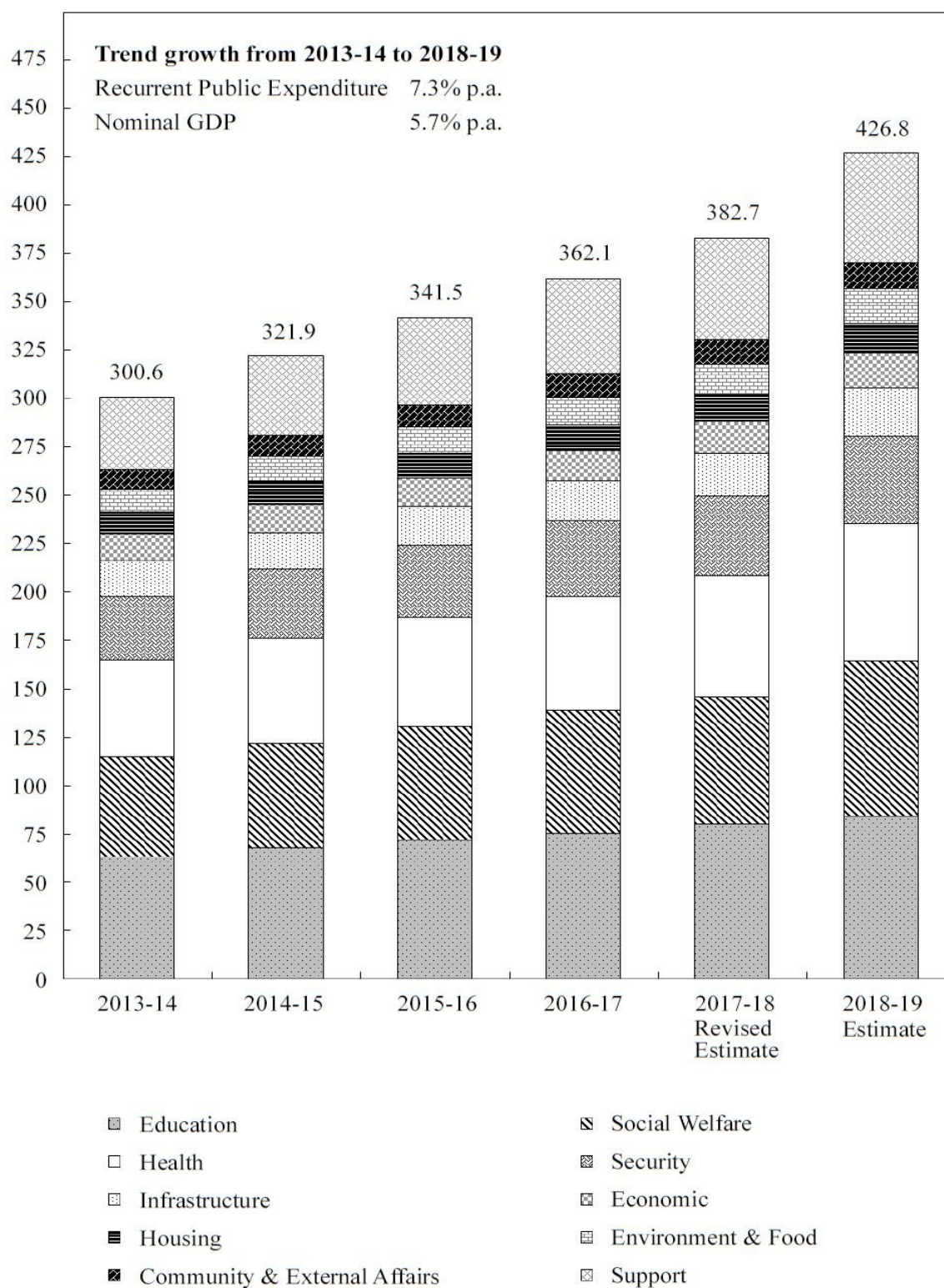
1.3

- A 30-classroom primary school at Tonkin Street, Cheung Sha Wan
- Pre-construction works for development of new campus of Vocational Training Council (VTC) at Kowloon East (Cha Kwo Ling)
- Joint Universities Research Archive

SECTION V TRENDS IN PUBLIC EXPENDITURE : 2013-14 TO 2018-19

Recurrent Public Expenditure by Policy Area Group

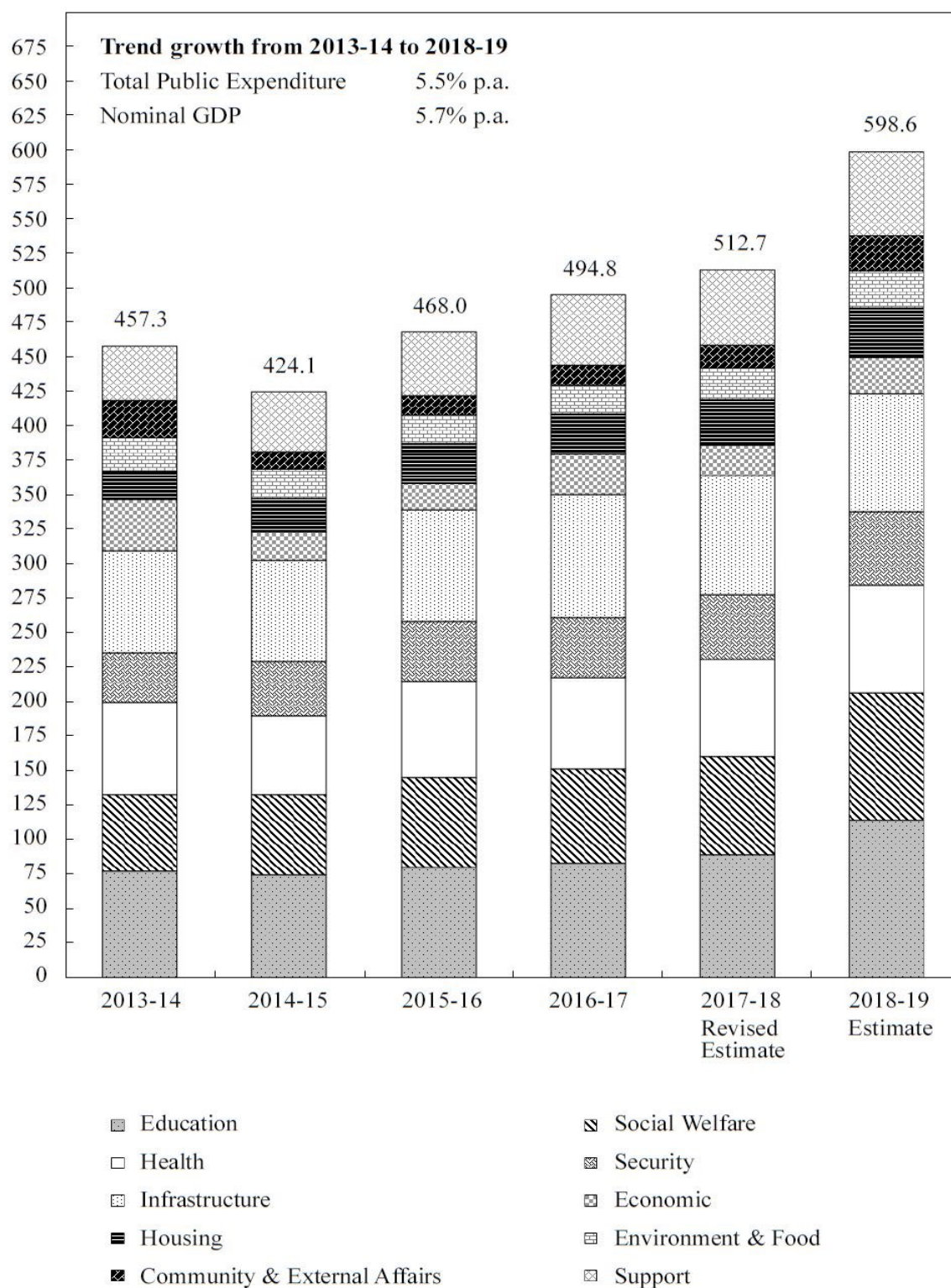
(\$billion)



SECTION V TRENDS IN PUBLIC EXPENDITURE : 2013-14 TO 2018-19

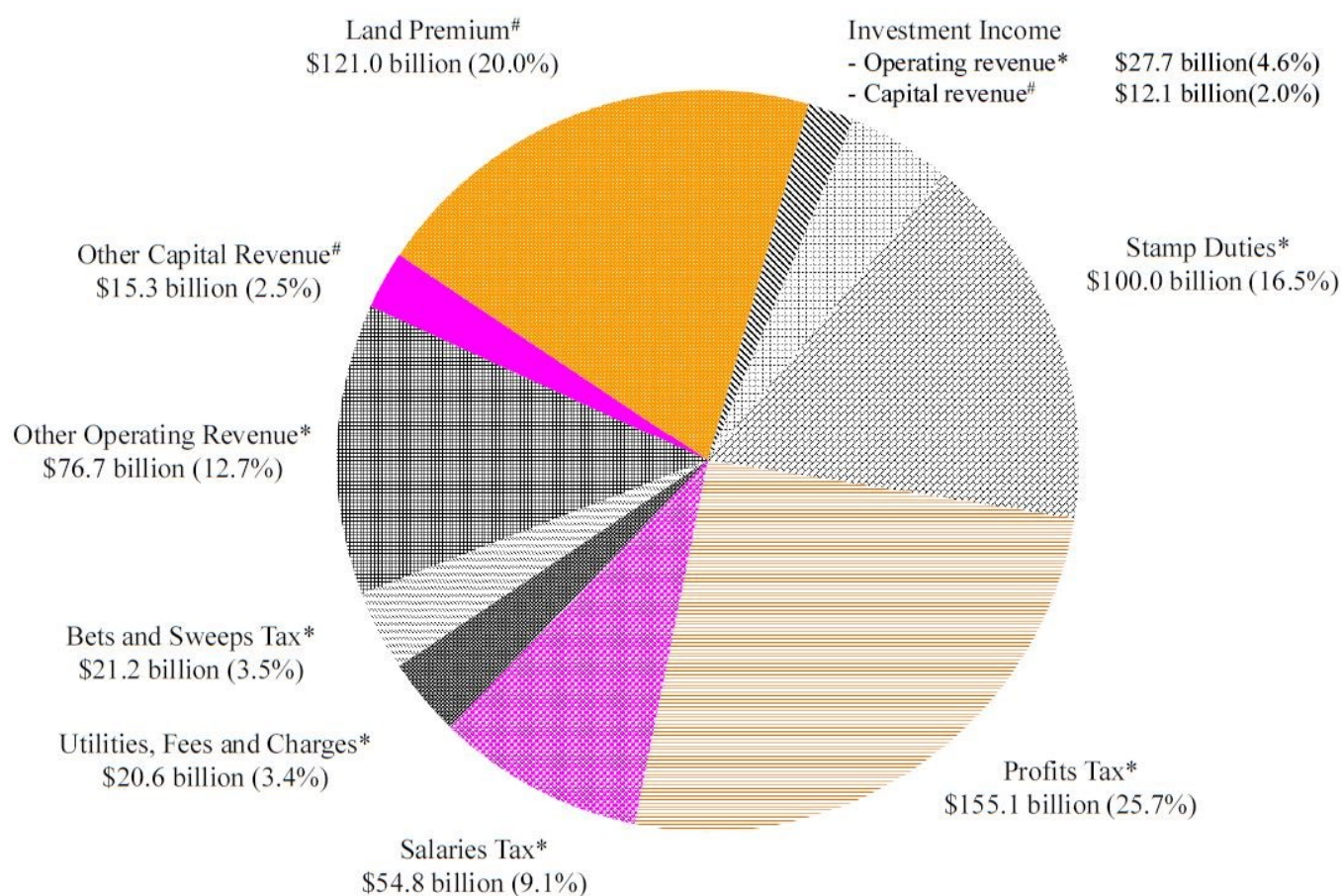
Total Public Expenditure by Policy Area Group

(\$billion)



SECTION VI ANALYSIS OF GOVERNMENT REVENUE

2018-19 Estimate (\$604.5 billion)



	2018-19 Estimate	% Share of Government Revenue	% of GDP
* Operating Revenue	\$456.1 billion	75.5%	16.2%
# Capital Revenue	\$148.4 billion	24.5%	5.2%
Total	\$604.5 billion	100%	21.4%

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 2018-19 Estimates. The index further provides details, by head of expenditure, of individual programmes which contribute to a policy area.

