

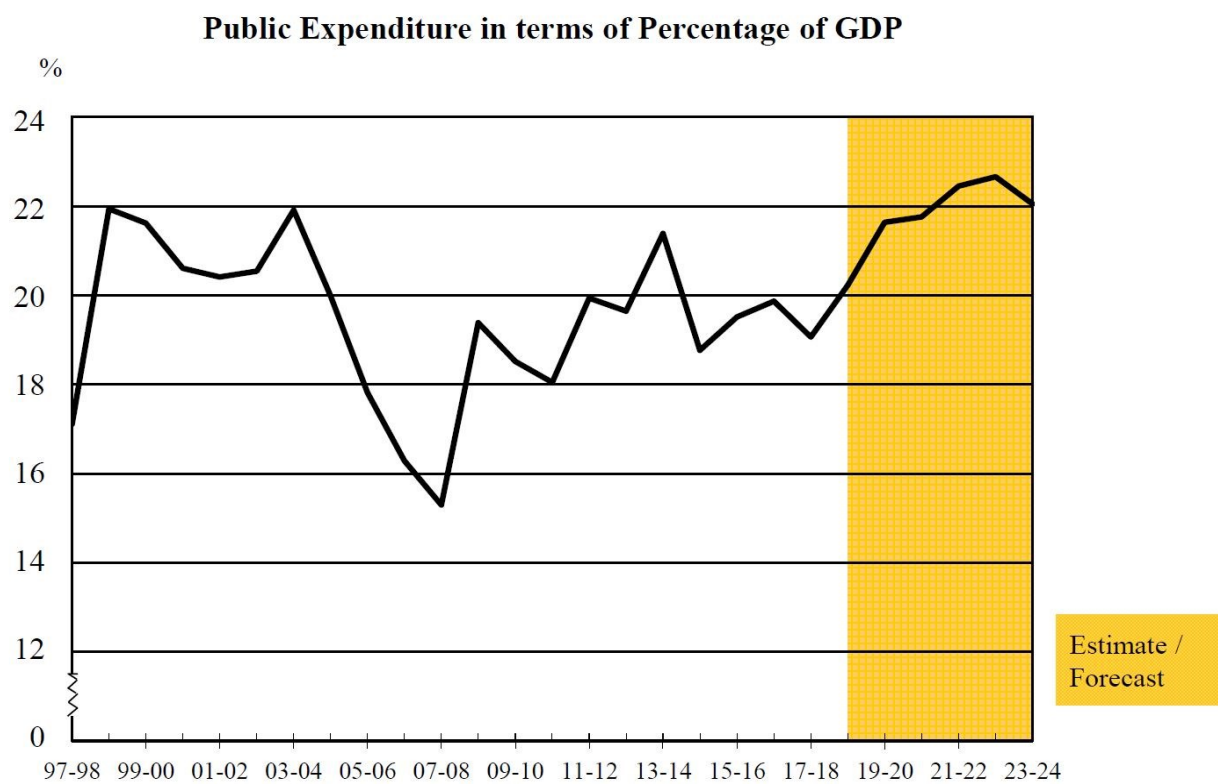
APPENDIX B

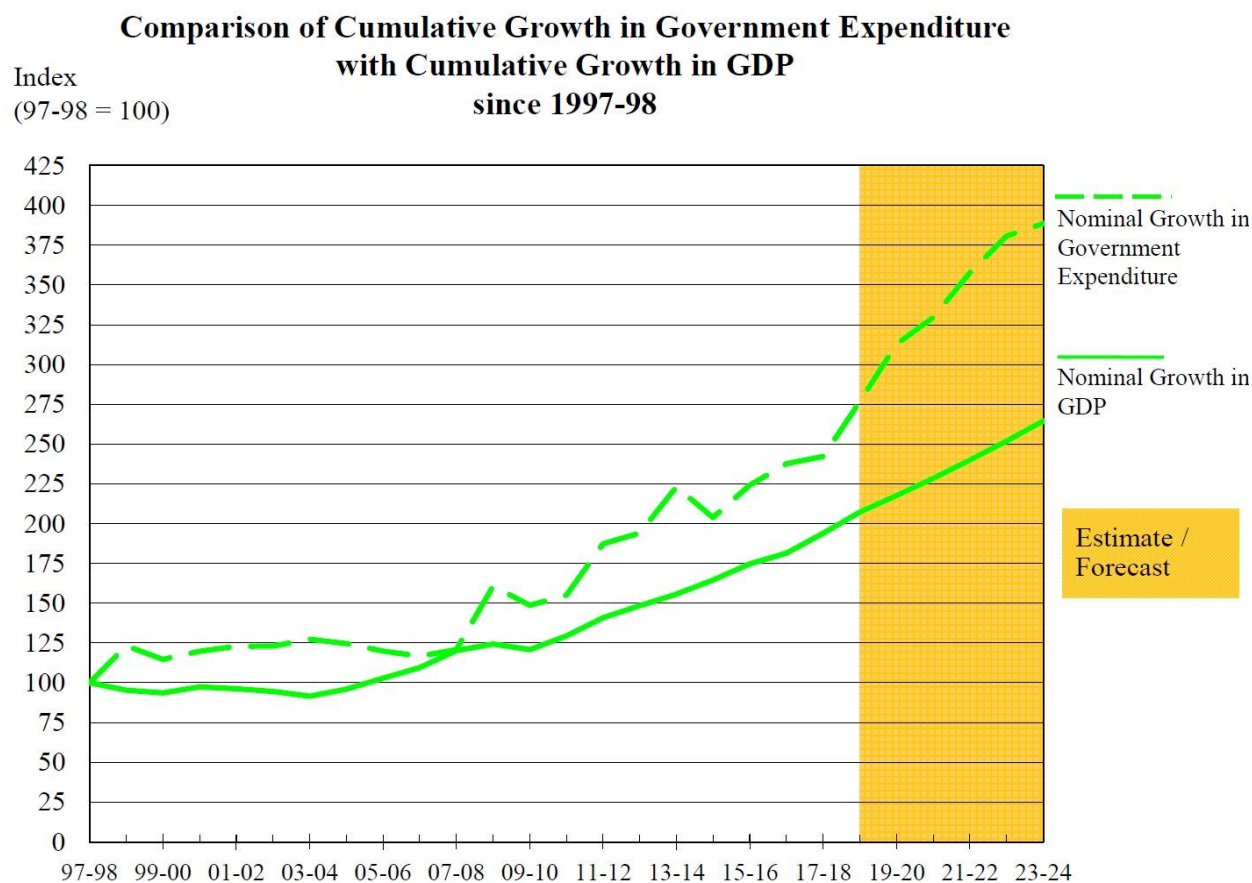
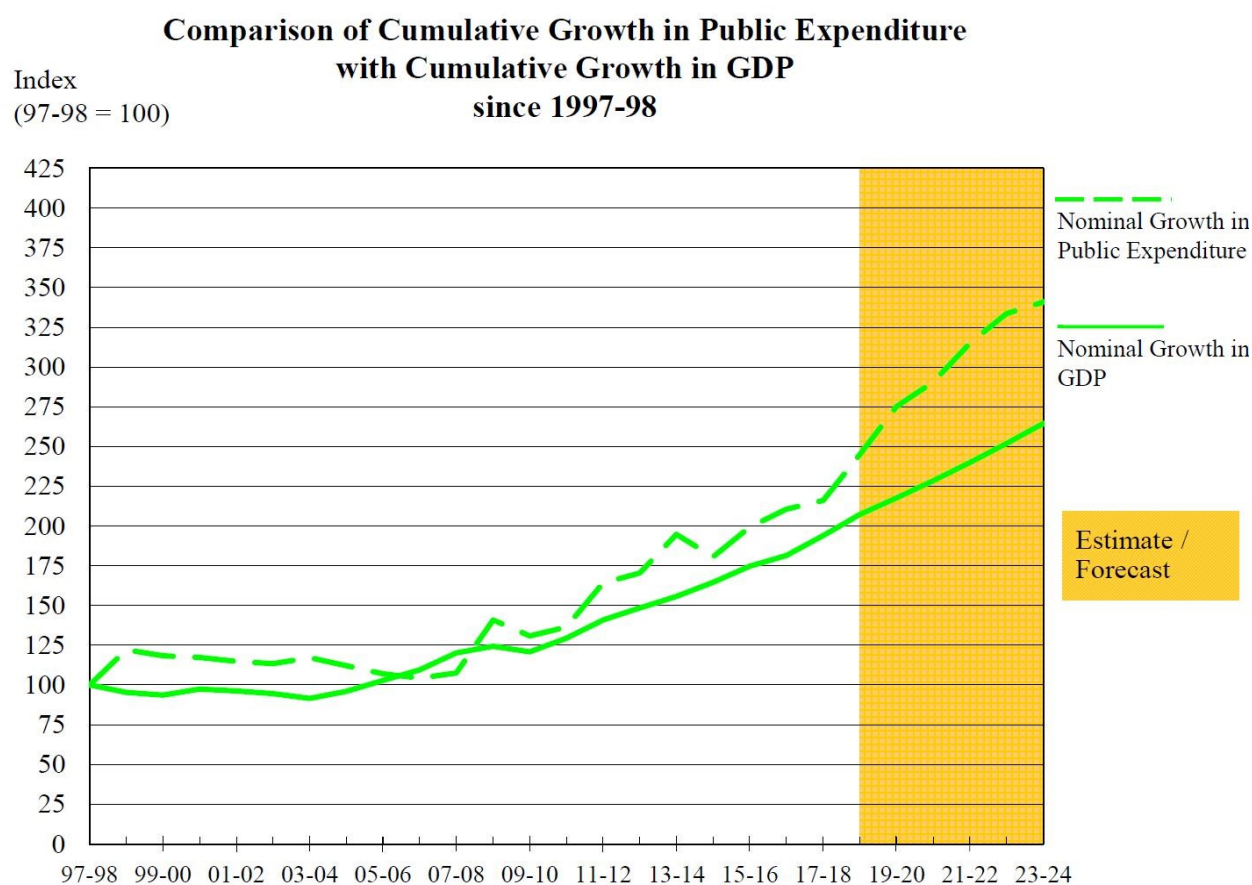
ANALYSIS OF EXPENDITURE AND REVENUE

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

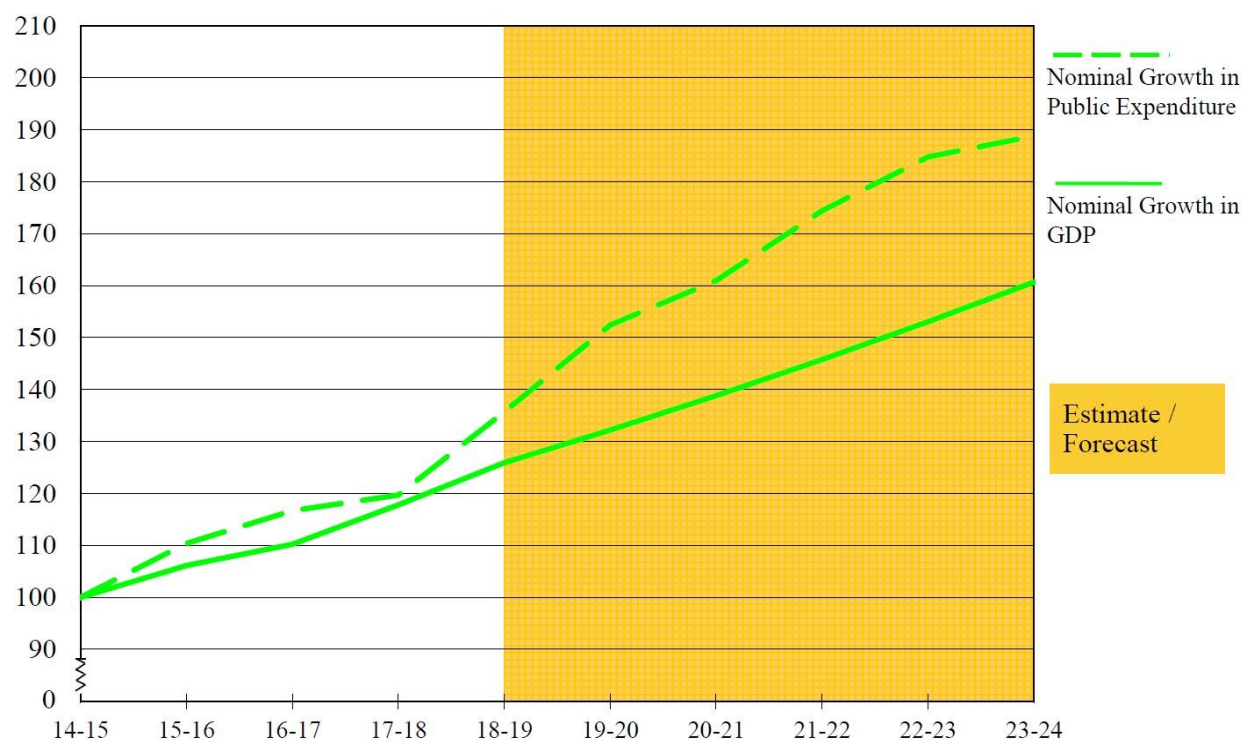
	2019-20 Estimate \$m
General Revenue Account	
Operating	501,500
Capital	7,221
	<hr/> 508,721
Capital Investment Fund	4,133
Capital Works Reserve Fund	85,157
Innovation and Technology Fund	3,968
Loan Fund	2,774
Lotteries Fund	3,005
Government Expenditure	<hr/> 607,758
Trading Funds	6,297
Housing Authority	32,341
Public Expenditure	<hr/> 646,396
GDP	2,987,600
Public Expenditure in terms of percentage of GDP	21.6%





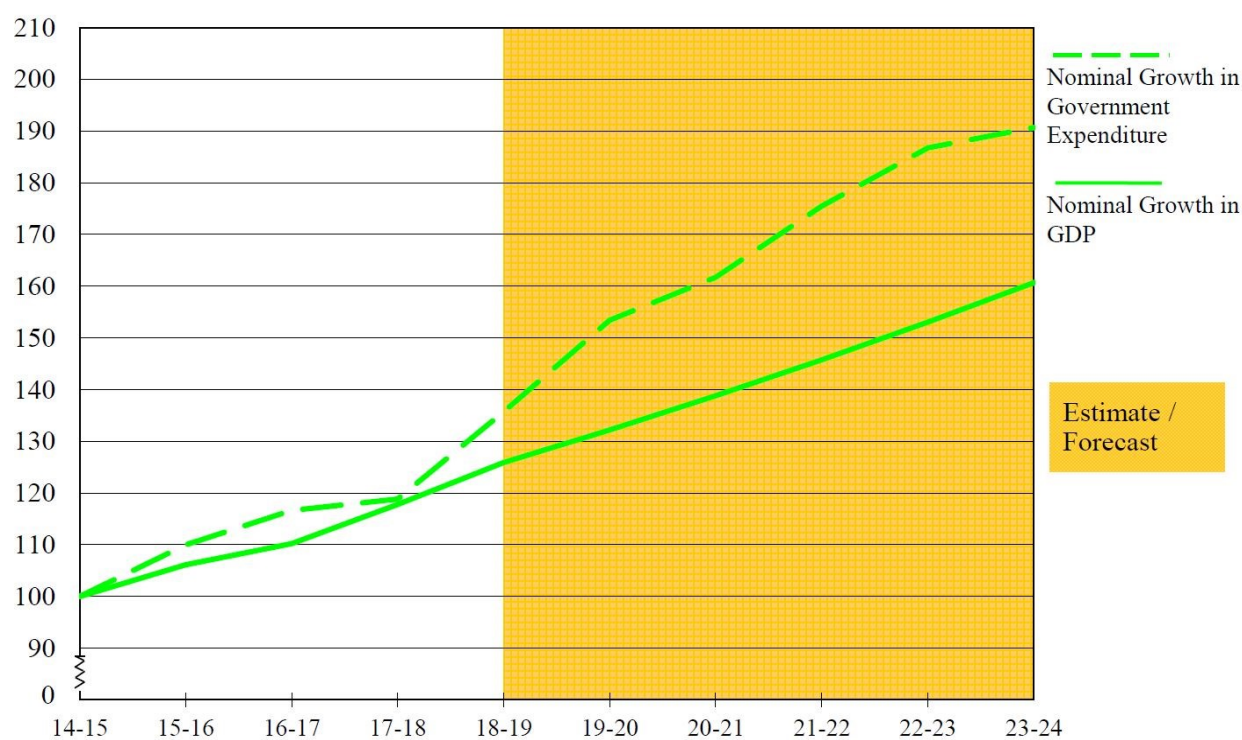
**Comparison of Cumulative Growth in Public Expenditure
with Cumulative Growth in GDP
since 2014-15**

Index
(14-15 = 100)



**Comparison of Cumulative Growth in Government Expenditure
with Cumulative Growth in GDP
since 2014-15**

Index
(14-15 = 100)



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

Recurrent Public Expenditure : Year-on-Year Change

	2017-18 Actual \$m	2018-19 Revised Estimate \$m	2019-20 Estimate \$m	Increase/Decrease over 2018-19 Revised Estimate in Nominal Terms %	in Real Terms %
Education	80,233	85,504	90,584	5.9	5.3
Social Welfare	65,349	80,140	84,295	5.2	3.3
Health	62,616	72,706	80,602	10.9	10.0
Security	40,864	44,197	48,068	8.8	8.1
Infrastructure	21,949	24,080	28,174	17.0	15.8
Environment and Food	15,335	16,930	19,263	13.8	12.1
Economic	15,498	17,583	19,415	10.4	8.6
Housing	14,109	15,175	16,458	8.5	5.8
Community and External Affairs	12,552	13,301	14,641	10.1	8.4
Support	51,333	55,221	61,344	11.1	8.5
	<u>379,838</u>	<u>424,837</u>	<u>462,844</u>	8.9	7.6
 GDP growth in 2019				4.5% to 5.5%	2% to 3%

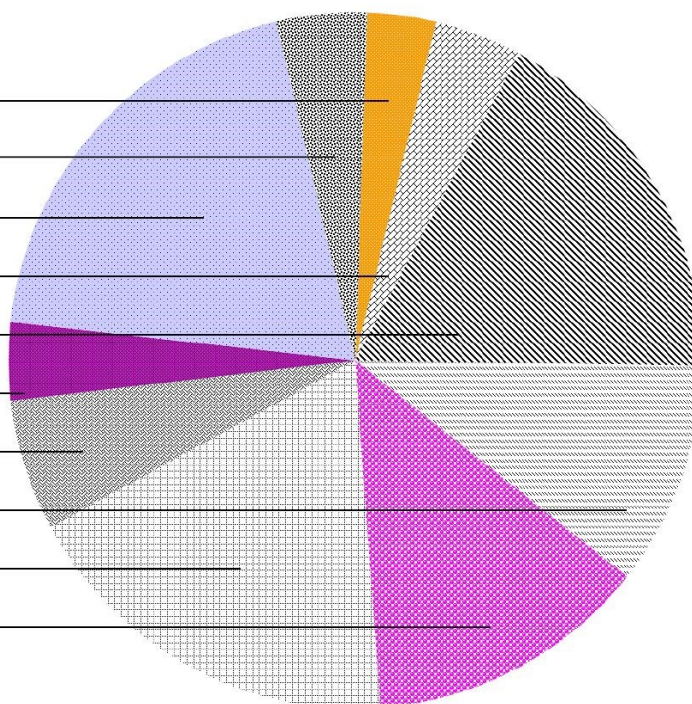
SECTION II RECURRENT PUBLIC/GOVERNMENT EXPENDITURE BY POLICY AREA GROUP

Recurrent Government Expenditure : Year-on-Year Change

	2017-18 Actual \$m	2018-19 Revised Estimate \$m	2019-20 Estimate \$m	Increase/Decrease over 2018-19 Revised Estimate in Nominal Terms %	in Real Terms %
Education	80,233	85,504	90,584	5.9	5.3
Social Welfare	65,349	80,140	84,295	5.2	3.3
Health	62,616	72,706	80,602	10.9	10.0
Security	40,864	44,197	48,068	8.8	8.1
Infrastructure	21,756	23,855	27,926	17.1	15.8
Environment and Food	15,335	16,930	19,263	13.8	12.1
Economic	11,382	12,467	13,707	9.9	8.8
Housing	392	425	559	31.5	31.3
Community and External Affairs	12,552	13,301	14,641	10.1	8.4
Support	51,333	55,221	61,344	11.1	8.5
	<u>361,812</u>	<u>404,746</u>	<u>440,989</u>	9.0	7.6
GDP growth in 2019				4.5% to 5.5%	2% to 3%

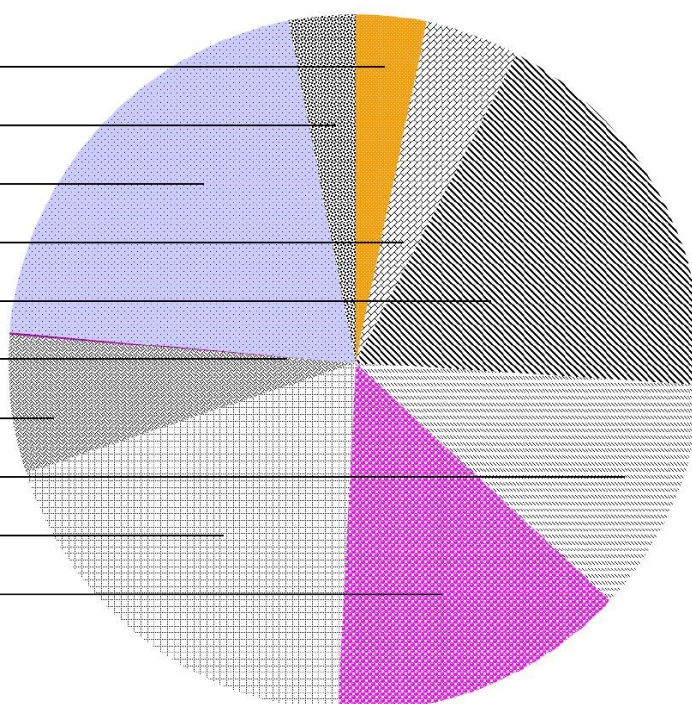
Percentage Share of Expenditure by Policy Area Group
Recurrent Public Expenditure : 2019-20 Estimate

Community and External Affairs	3.2%
Economic	4.2%
Education	19.6%
Environment and Food	4.1%
Health	17.4%
Housing	3.6%
Infrastructure	6.1%
Security	10.4%
Social Welfare	18.2%
Support	13.2%
	100.0%



Percentage Share of Expenditure by Policy Area Group
Recurrent Government Expenditure : 2019-20 Estimate

Community and External Affairs	3.3%
Economic	3.1%
Education	20.5%
Environment and Food	4.4%
Health	18.3%
Housing	0.1%
Infrastructure	6.4%
Security	10.9%
Social Welfare	19.1%
Support	13.9%
	100.0%



SECTION III TOTAL PUBLIC/GOVERNMENT EXPENDITURE BY POLICY AREA GROUP

Total Public Expenditure : Year-on-Year Change

	2017-18 Actual \$m	2018-19 Revised Estimate \$m	2019-20 Estimate \$m	Increase/Decrease over 2018-19 Revised Estimate in Nominal Terms %	in Real Terms %
Education	88,465	110,526	123,975	12.2	9.5
Social Welfare	70,316	90,769	97,219	7.1	3.2
Health	71,095	78,285	88,605	13.2	10.2
Security	45,833	50,431	56,849	12.7	9.9
Infrastructure	86,291	76,955	79,337	3.1	-1.0
Environment and Food	21,586	24,806	33,471	34.9	30.0
Economic	20,585	27,192	44,436	63.4	58.9
Housing	32,780	32,679	33,055	1.2	-2.5
Community and External Affairs	16,343	25,021	22,729	-9.2	-12.5
Support	54,280	58,781	66,720	13.5	9.0
	<u>507,574</u>	<u>575,445</u>	<u>646,396</u>	12.3	8.8
GDP growth in 2019				4.5% to 5.5%	2% to 3%

SECTION III TOTAL PUBLIC/GOVERNMENT EXPENDITURE BY POLICY AREA GROUP

Total Government Expenditure : Year-on-Year Change

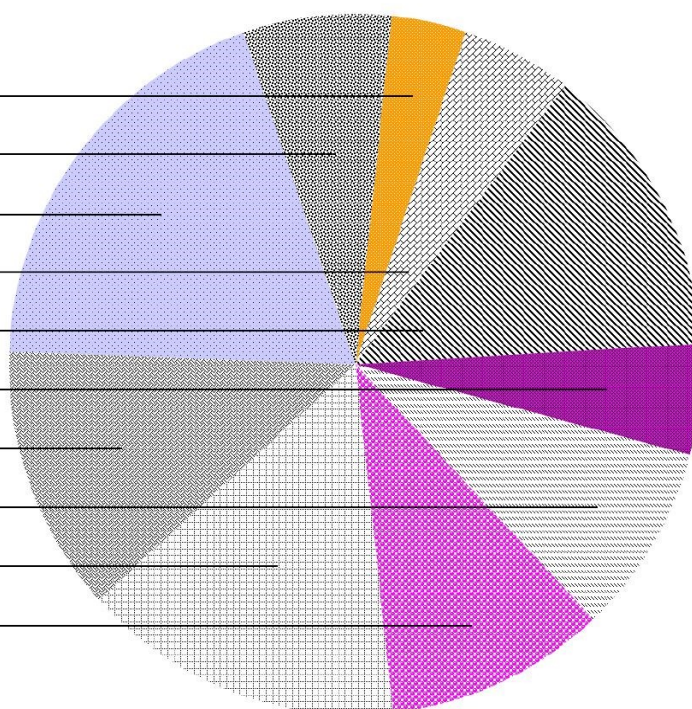
	2017-18 Actual \$m	2018-19 Revised Estimate \$m	2019-20 Estimate \$m	Increase/Decrease over 2018-19 Revised Estimate in Nominal Terms %	in Real Terms %
Education	88,465	110,526	123,975	12.2	9.5
Social Welfare	70,316	90,769	97,219	7.1	3.2
Health	71,095	78,285	88,605	13.2	10.2
Security	45,833	50,431	56,849	12.7	9.9
Infrastructure	86,088	76,708	79,039	3.0	-1.1
Environment and Food	21,586	24,806	33,471	34.9	30.0
Economic	16,364	21,880	38,437	75.7	70.9
Housing	493	546	714	30.8	27.4
Community and External Affairs	16,343	25,021	22,729	-9.2	-12.5
Support	54,280	58,781	66,720	13.5	9.0
	<u>470,863</u>	<u>537,753</u>	<u>607,758</u>	13.0	9.5

GDP growth in 2019

4.5% to 5.5% 2% to 3%

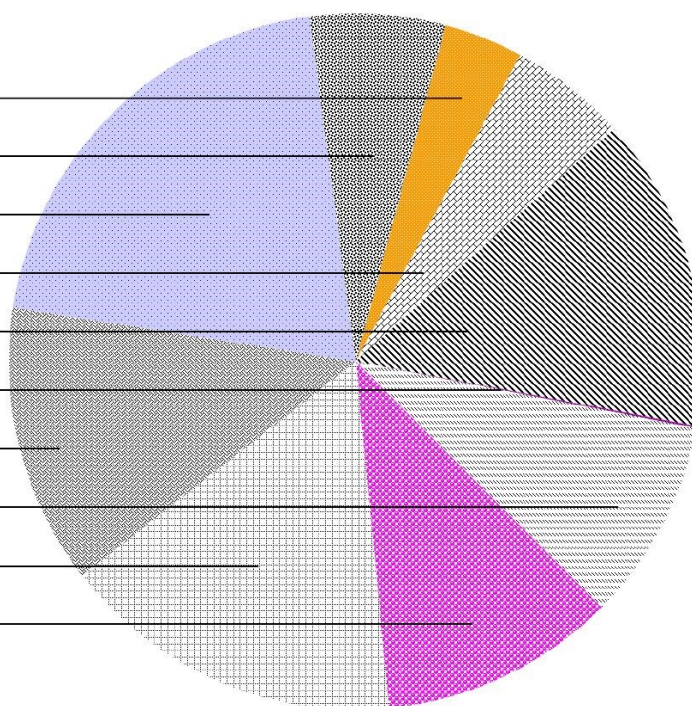
Percentage Share of Expenditure by Policy Area Group
Total Public Expenditure : 2019-20 Estimate

Community and External Affairs	3.5%
Economic	6.9%
Education	19.2%
Environment and Food	5.2%
Health	13.7%
Housing	5.1%
Infrastructure	12.3%
Security	8.8%
Social Welfare	15.0%
Support	10.3%
	100.0%



Percentage Share of Expenditure by Policy Area Group
Total Government Expenditure : 2019-20 Estimate

Community and External Affairs	3.7%
Economic	6.3%
Education	20.4%
Environment and Food	5.5%
Health	14.6%
Housing	0.1%
Infrastructure	13.0%
Security	9.4%
Social Welfare	16.0%
Support	11.0%
	100.0%



SECTION IV MAJOR CAPITAL PROJECTS PLANNED FOR COMMENCEMENT IN 2019-20

Major capital projects estimated to begin in 2019-20 include –

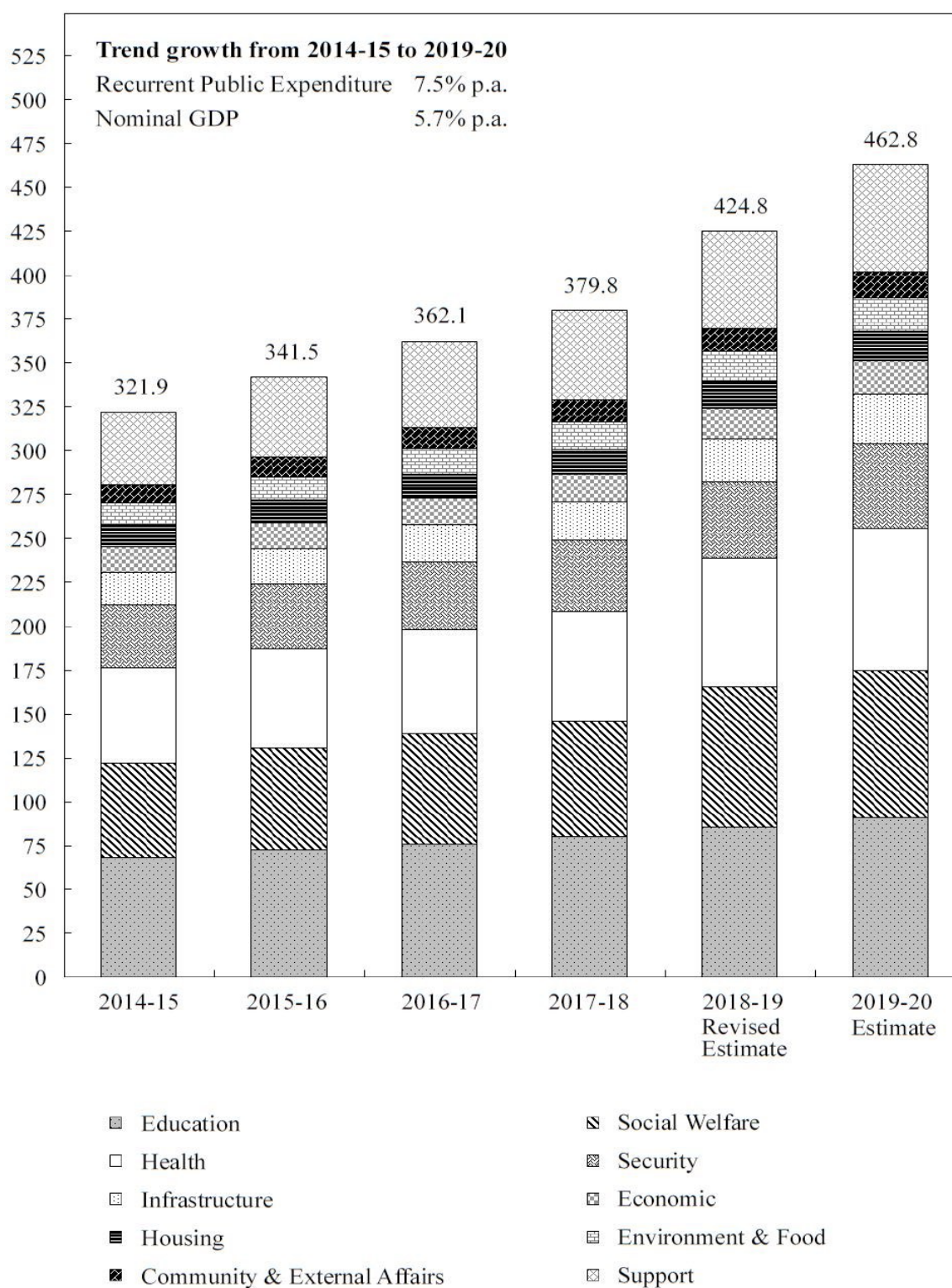
	Project Estimates \$ billion
Infrastructure	89.2
— Revitalization of Tsui Ping River	
— Rehabilitation of underground stormwater drains stage 2	
— Provision of an Additional District Cooling System at the Kai Tak Development	
— Studies related to Artificial Islands in the Central Waters	
— Elevated pedestrian corridor in Yuen Long Town connecting with Long Ping Station	
— Kai Tak Development – stage 5B infrastructure works at the former north apron area	
— Advance site formation and engineering infrastructure works at Kwu Tung North new development area and Fanling North new development area	
— First stage of site formation and engineering infrastructure at Kwu Tung North new development area and Fanling North new development area	
— Integrated Basement for West Kowloon Cultural District—remaining works	
— Site formation and infrastructure works for Police facilities in Kong Nga Po	
— Remaining phase of site formation and engineering infrastructure works at Kwu Tung North new development area and Fanling North new development area—detailed design and site investigation	
— Trunk Road T2 and Cha Kwo Ling tunnel—construction	
— Implementation of Water Intelligent Network, remaining works	
— In-situ reprovisioning of Sha Tin water treatment works (South Works)—main works	
— Reprovisioning of Harcourt Road fresh water pumping station	
— Design and construction for first stage of desalination plant at Tseung Kwan O—main works	
— Improvement to Dongjiang Water Mains P4 at Sheung Shui and Fanling	
— Site formation and infrastructure works for public housing development at Wang Chau, Yuen Long	
— Site formation and infrastructure works for public housing development at Ka Wai Man Road and Ex-Mount Davis Cottage Area, Kennedy Town	
— Transport infrastructure works for development at Diamond Hill	
Environment and Food	28.4
— Tolo Harbour sewerage of unsewered areas, stage 2, phase 2	
— Port Shelter sewerage, stage 2, package 3	
— Port Shelter sewerage, stage 3, package 2	
— Construction of San Shek Wan sewage treatment works, associated submarine outfall and Pui O sewerage works	
— Upgrading of Tuen Mun sewerage, phase 1, part 2	
— Outlying Islands sewerage, stage 2—upgrading of Cheung Chau sewage treatment and disposal facilities	
— Outlying Islands sewerage stage 2—Lamma village sewerage phase 2, package 2	
— Shek Wu Hui Effluent Polishing Plant	
— Upgrading of West Kowloon and Tsuen Wan sewerage—phase 2	
— Yuen Long Effluent Polishing Plant—stage 1	
Health	12.4
— Reprovisioning of Victoria Public Mortuary	
— Redevelopment of Kwai Chung Hospital, phases 2 and 3	
— Community health centre-cum-residential care home for the elderly at Tuen Mun Area 29 West	

	Project Estimates \$ billion
Security	6.8
— Immigration Headquarters in Tseung Kwan O	
Economic	5.2
— Provision of facilities and accommodation for various government departments to support the Three-Runway System at Hong Kong International Airport	
— Provision of Police facilities to support the Three-Runway System at Hong Kong International Airport	
Education	4.4
— First 30-classroom primary school at Queen's Hill, Fanling	
— Second 30-classroom primary school at Queen's Hill, Fanling	
— A 30-classroom primary school at Shui Chuen O, Sha Tin	
— A 30-classroom secondary school at Site KT2e, Development at Anderson Road, Kwun Tong	
— Redevelopment of No. 2 University Drive (Building 1)	
— Enhancement of facilities cum medical campus development, the University of Hong Kong	
— Library extension and revitalisation	
— Campus Expansion at Ho Man Tin Slope (The Hong Kong Polytechnic University)	
— Pre-construction works for development of new campus of Vocational Training Council (VTC) at Kowloon East (Cha Kwo Ling)	
Community and External Affairs	1.0
— District Library and Residential Care Home for the Elderly in the Joint User Complex at Lei King Road	
— Hoi Sham Park Extension, To Kwa Wan	

SECTION V TRENDS IN PUBLIC EXPENDITURE : 2014-15 TO 2019-20

Recurrent Public Expenditure by Policy Area Group

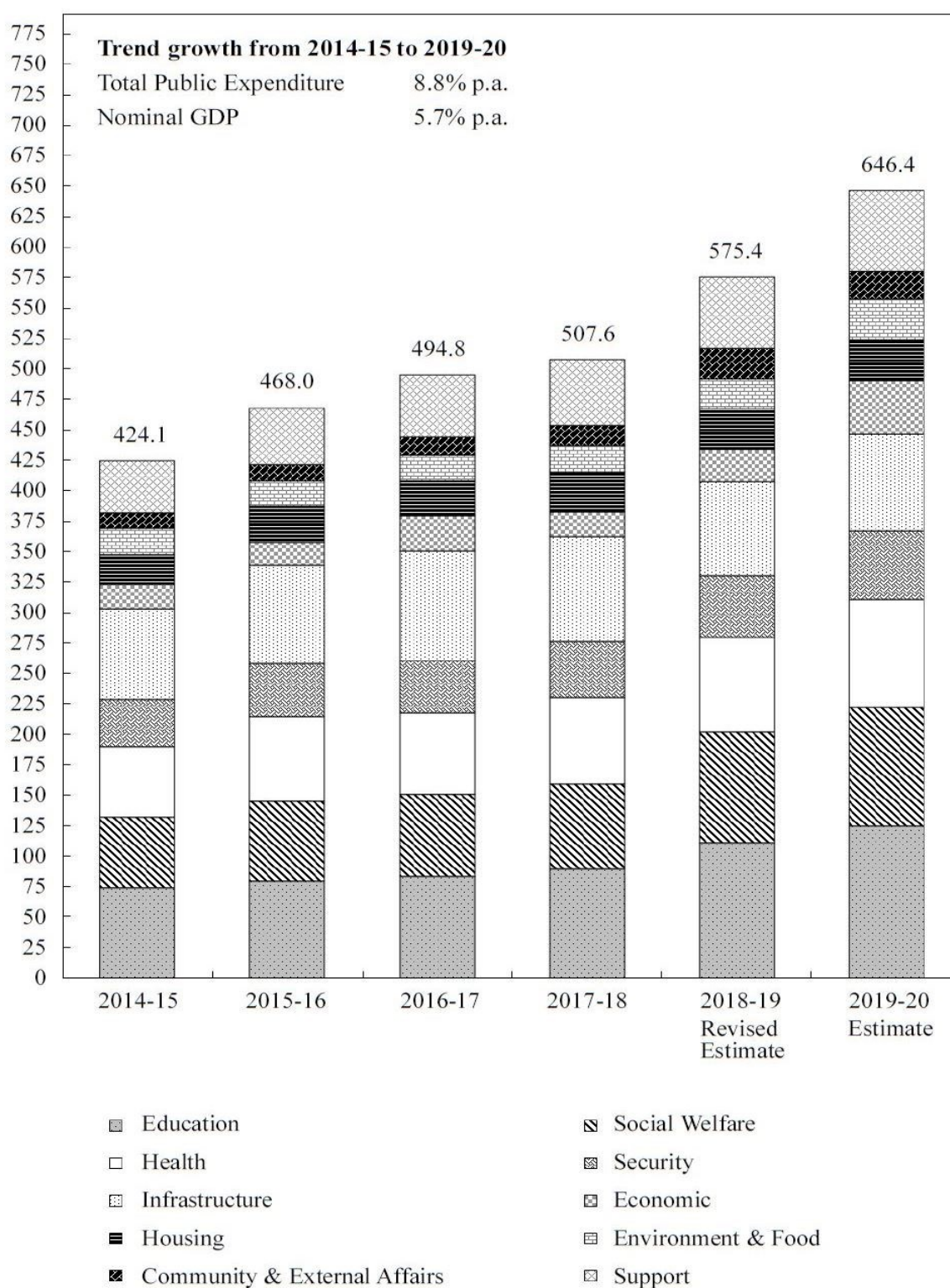
(\$billion)



SECTION V TRENDS IN PUBLIC EXPENDITURE : 2014-15 TO 2019-20

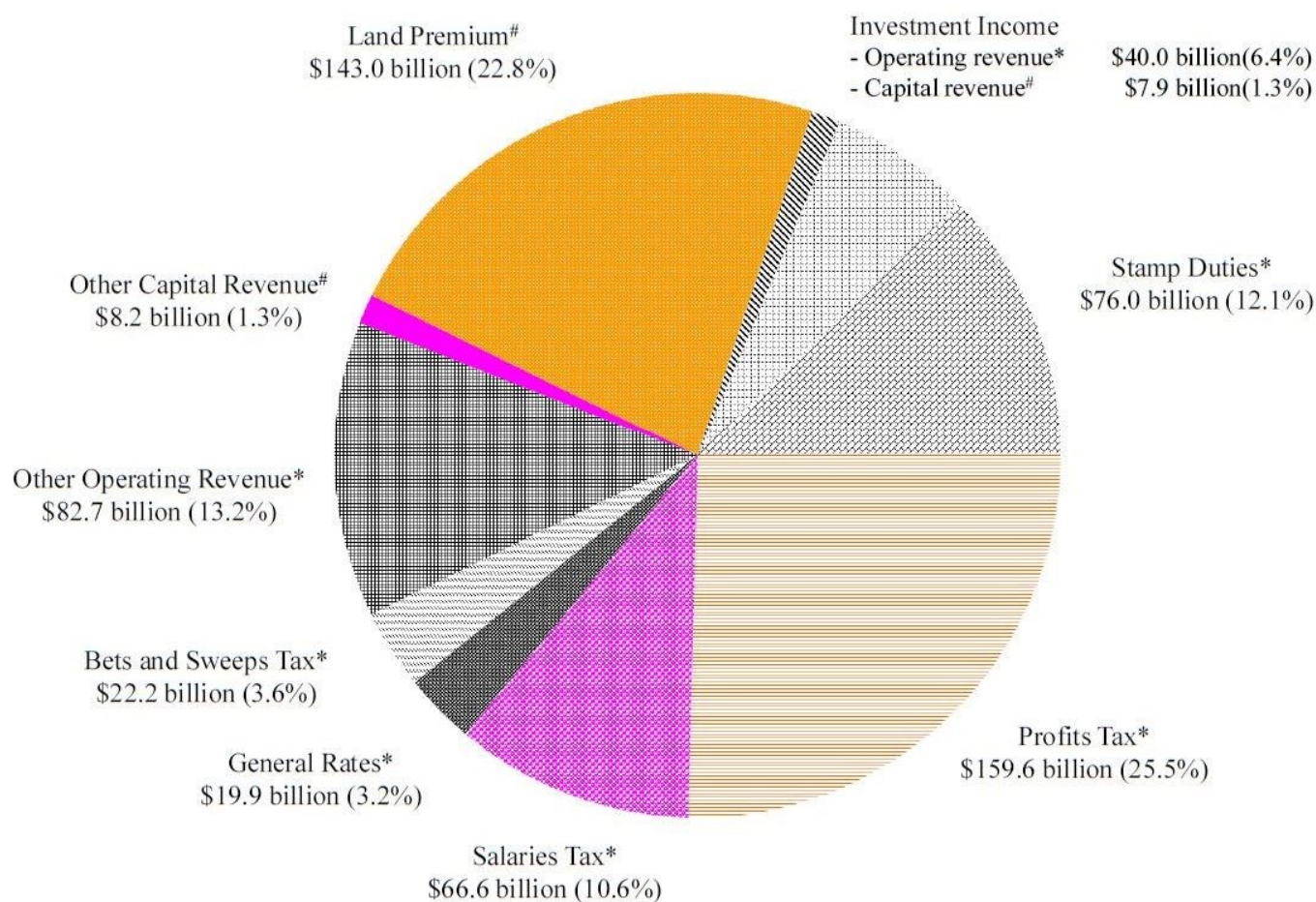
Total Public Expenditure by Policy Area Group

(\$billion)



SECTION VI ANALYSIS OF GOVERNMENT REVENUE

2019-20 Estimate (\$626.1 billion)



	2019-20 Estimate	% Share of Government Revenue	% of GDP
* Operating Revenue	\$467.0 billion	74.6%	15.7%
# Capital Revenue	\$159.1 billion	25.4%	5.3%
Total	\$626.1 billion	100%	21.0%

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 2019-20 Estimates. The index further provides details, by head of expenditure, of individual programmes which contribute to a policy area.

