

APPENDIX B

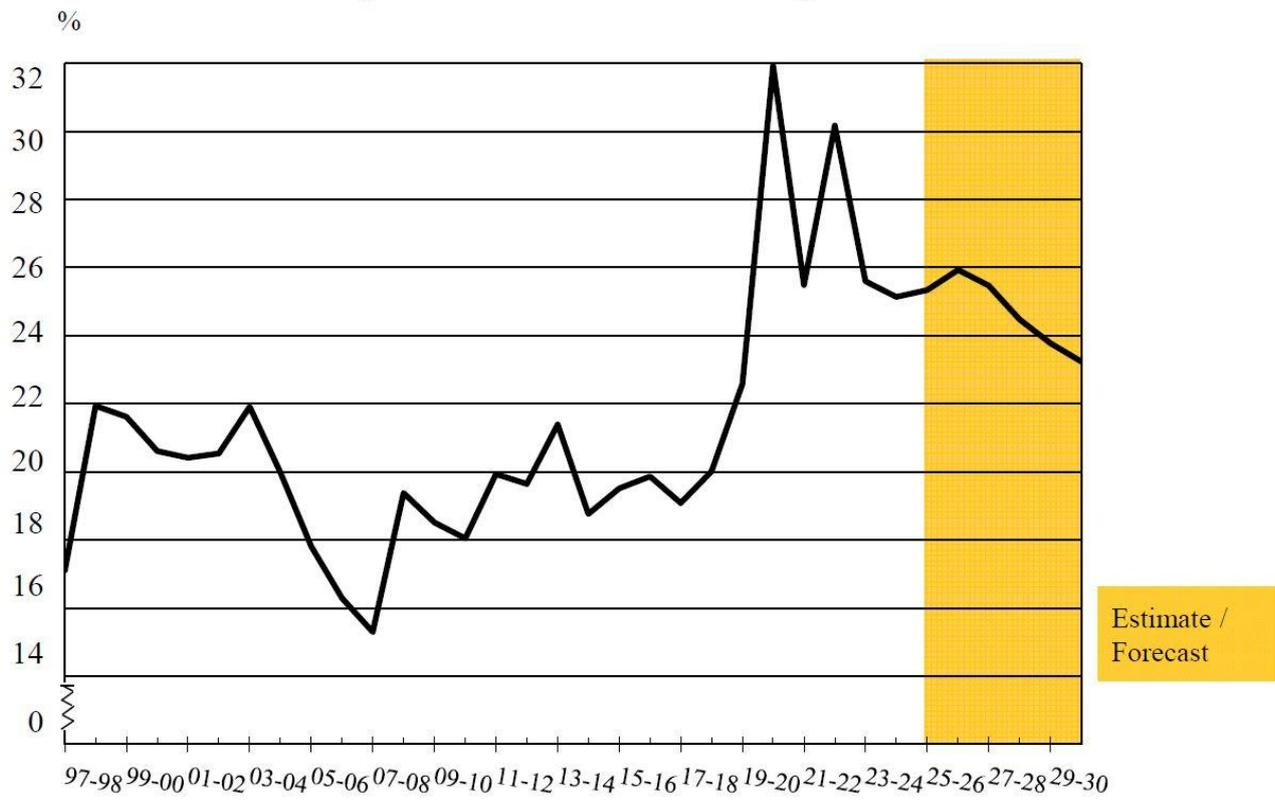
ANALYSIS OF EXPENDITURE AND REVENUE

CONTENTS	Page
SECTION I THE ESTIMATES IN THE CONTEXT OF THE ECONOMY	
Relationship between Government Expenditure, Public Expenditure and GDP	18
SECTION II RECURRENT PUBLIC/GOVERNMENT EXPENDITURE BY POLICY AREA GROUP	
Recurrent Public Expenditure : Year-on-Year Change	22
Recurrent Government Expenditure : Year-on-Year Change	23
Percentage Share of Expenditure by Policy Area Group	24
Recurrent Public Expenditure	
Recurrent Government Expenditure	
SECTION III TOTAL PUBLIC/GOVERNMENT EXPENDITURE BY POLICY AREA GROUP	
Total Public Expenditure : Year-on-Year Change	25
Total Government Expenditure : Year-on-Year Change	26
Percentage Share of Expenditure by Policy Area Group	27
Total Public Expenditure	
Total Government Expenditure	
SECTION IV MAJOR CAPITAL PROJECTS PLANNED FOR COMMENCEMENT IN 2026-27	28
SECTION V TRENDS IN PUBLIC EXPENDITURE : 2021-22 TO 2026-27	29
SECTION VI ANALYSIS OF GOVERNMENT REVENUE	31
SECTION VII CLASSIFICATION OF POLICY AREA GROUP	32

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

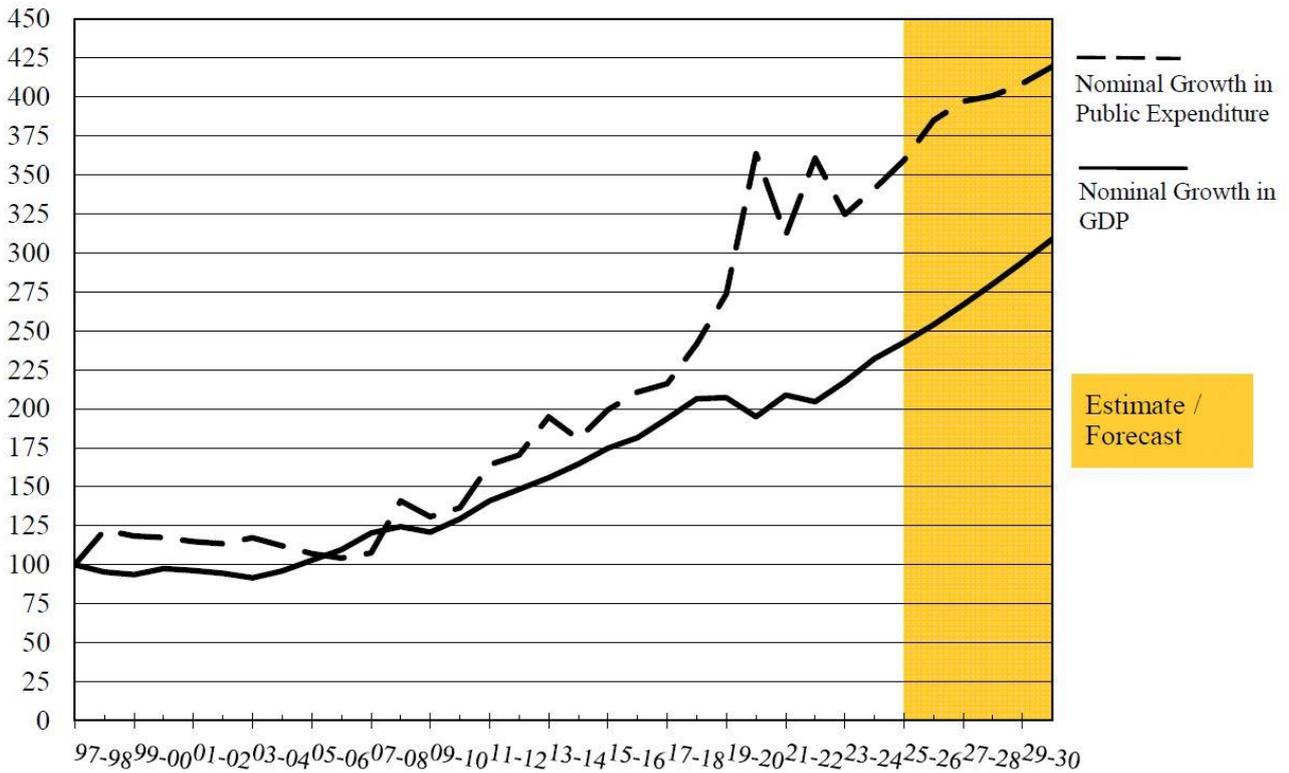
	2026-27 Estimate \$m
General Revenue Account	
Operating	640,200
Capital	8,208
	<hr/> 648,408
Capital Investment Fund	3,767
Capital Works Reserve Fund	172,997
Innovation and Technology Fund	10,270
Loan Fund	3,784
Lotteries Fund	4,190
	<hr/>
Government Expenditure	843,416
Trading Funds	4,250
Housing Authority	57,058
	<hr/>
Public Expenditure	904,724
	<hr/>
GDP	3,488,400
Public Expenditure in terms of percentage of GDP	25.9%

Public Expenditure in terms of Percentage of GDP



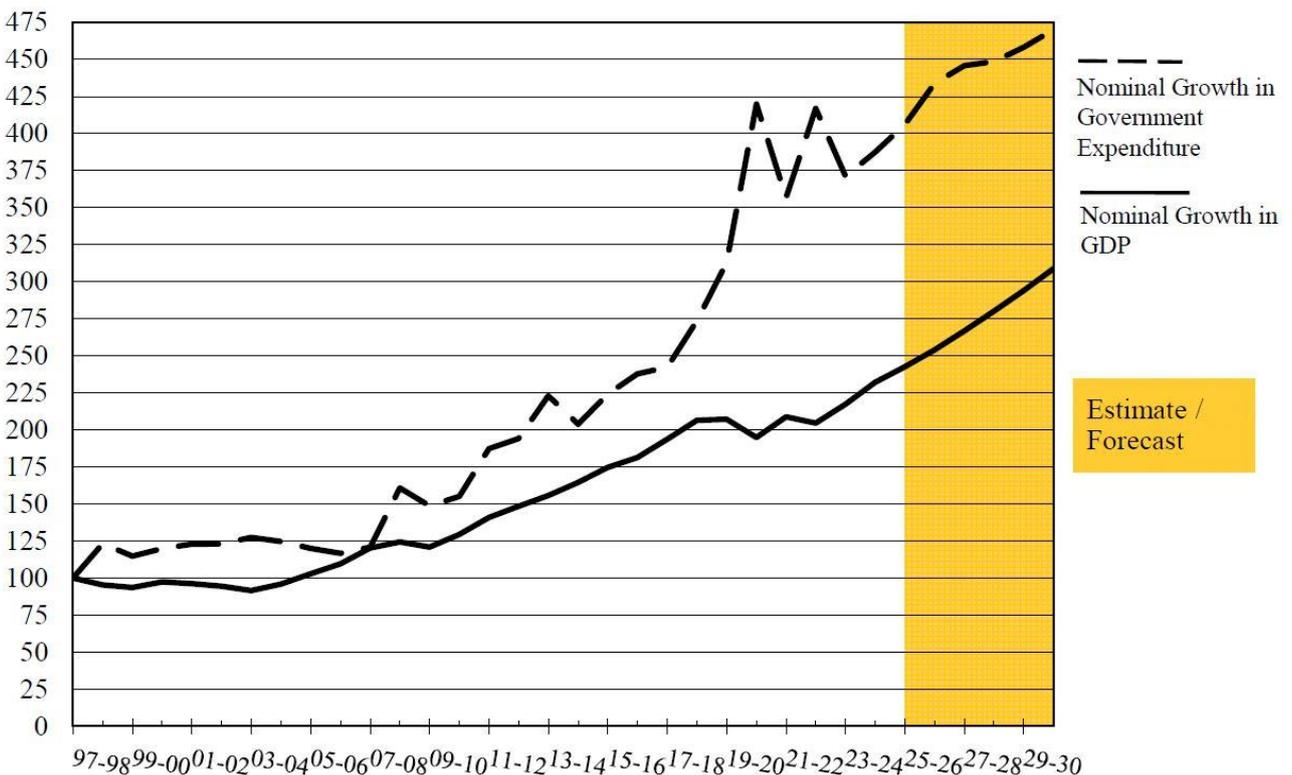
**Comparison of Cumulative Growth in Public Expenditure
with Cumulative Growth in GDP
since 1997-98**

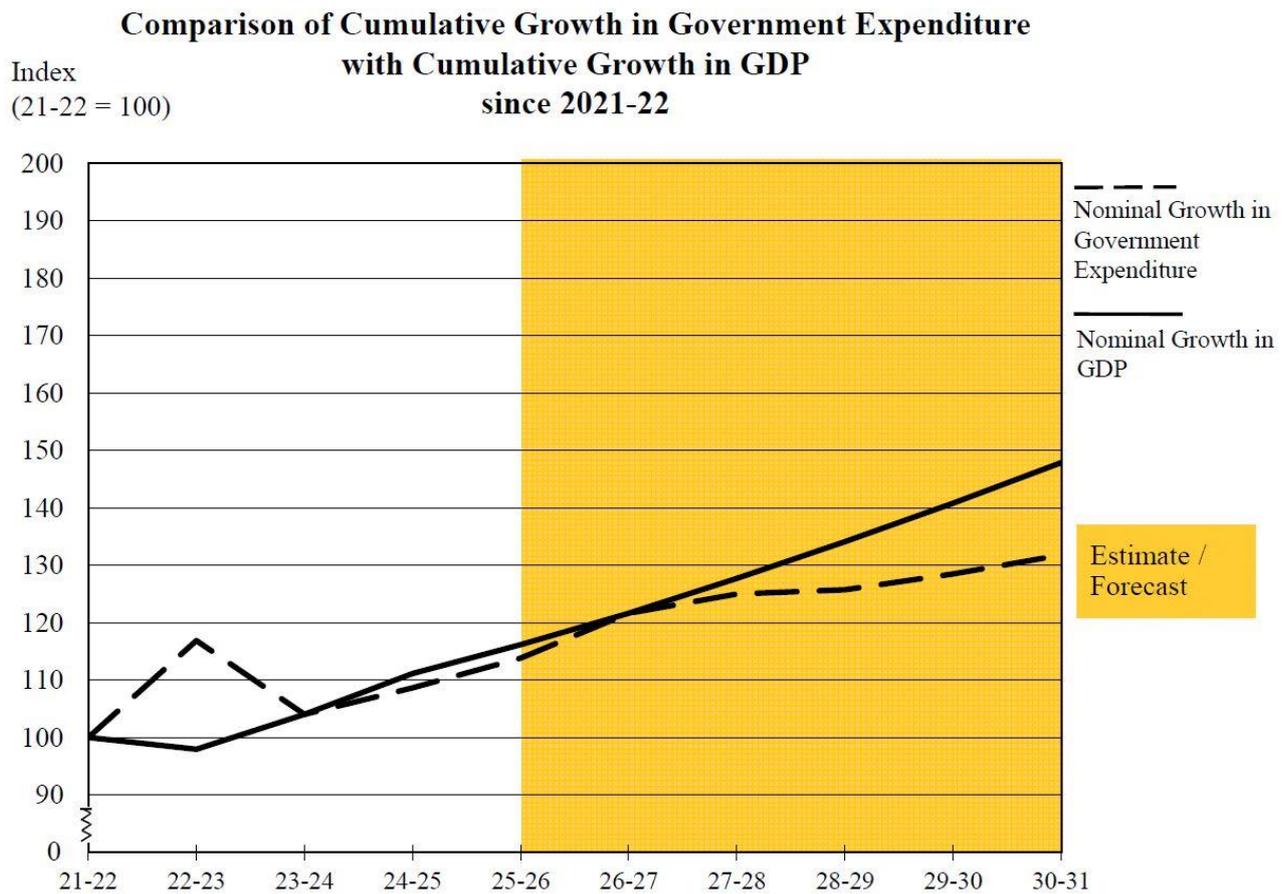
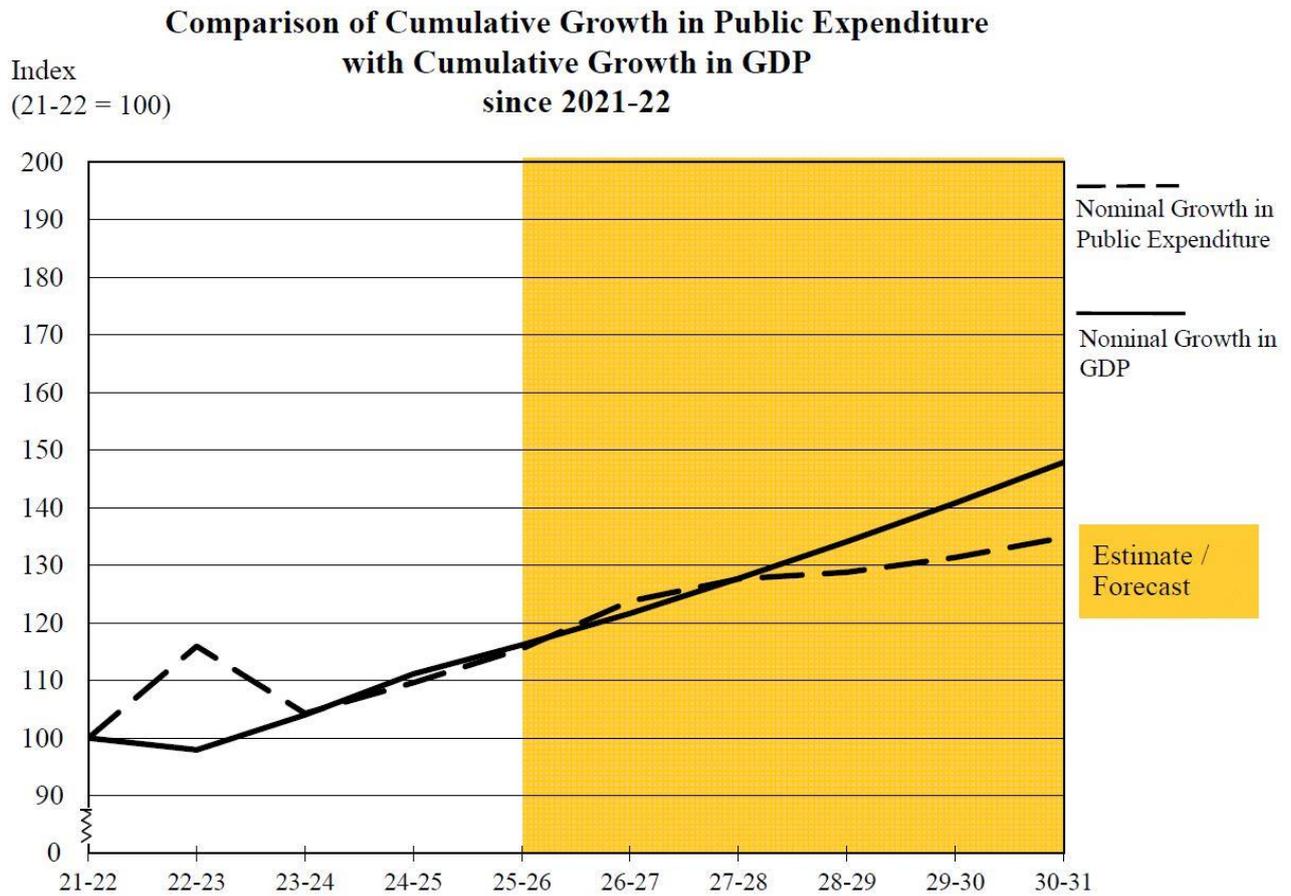
Index
(97-98 = 100)



**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

	2024-25 Actual \$m	2025-26 Revised Estimate \$m	2026-27 Estimate \$m	Increase/Decrease over 2025-26 Revised Estimate in Nominal Terms %	in Real Terms %
Education	105,281	101,991	102,308	0.3	-1.0
Social Welfare	116,887	123,614	135,865	9.9	7.3
Health	109,247	114,347	118,881	4.0	2.4
Security	59,167	58,840	60,517	2.9	1.4
Infrastructure	33,655	33,394	35,001	4.8	2.7
Environment and Food	25,358	25,484	26,728	4.9	2.7
Economic	21,857	22,020	22,875	3.9	1.2
Housing	20,394	21,430	22,635	5.6	3.1
Community and External Affairs	18,039	18,418	18,913	2.7	0.6
Support	73,663	77,410	81,310	5.0	3.9
	<u>583,548</u>	<u>596,948</u>	<u>625,033</u>	4.7	2.9
GDP growth in 2026				4.2% to 5.2%	2.5% to 3.5%

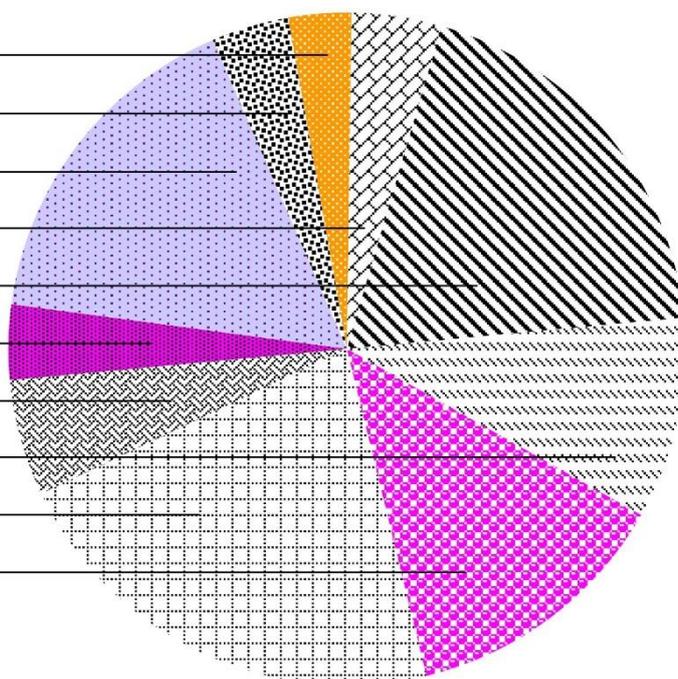
**SECTION II RECURRENT PUBLIC/GOVERNMENT EXPENDITURE
BY POLICY AREA GROUP**

Recurrent Government Expenditure: Year-on-Year Change

	2024-25 Actual \$m	2025-26 Revised Estimate \$m	2026-27 Estimate \$m	Increase/Decrease over 2025-26 Revised Estimate in Nominal Terms %	in Real Terms %
Education	105,281	101,991	102,308	0.3	-1.0
Social Welfare	116,887	123,614	135,865	9.9	7.3
Health	109,247	114,347	118,881	4.0	2.4
Security	59,167	58,840	60,517	2.9	1.4
Infrastructure	33,406	33,129	34,727	4.8	2.7
Environment and Food	25,358	25,484	26,728	4.9	2.7
Economic	18,320	18,292	19,202	5.0	2.2
Housing	765	844	1,226	45.3	39.5
Community and External Affairs	18,039	18,418	18,913	2.7	0.6
Support	73,663	77,410	81,310	5.0	3.9
	<u>560,133</u>	<u>572,369</u>	<u>599,677</u>	4.8	3.0
GDP growth in 2026				4.2% to 5.2%	2.5% to 3.5%

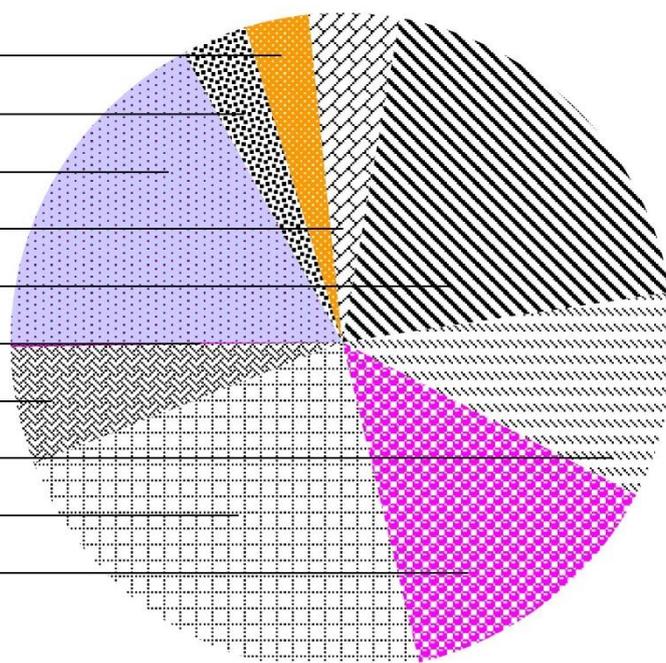
**Percentage Share of Expenditure by Policy Area Group
 Recurrent Public Expenditure : 2026-27 Estimate**

Community and External Affairs	3.0%
Economic	3.7%
Education	16.4%
Environment and Food	4.3%
Health	19.0%
Housing	3.6%
Infrastructure	5.6%
Security	9.7%
Social Welfare	21.7%
Support	13.0%
	100.0%



**Percentage Share of Expenditure by Policy Area Group
 Recurrent Government Expenditure : 2026-27 Estimate**

Community and External Affairs	3.1%
Economic	3.2%
Education	17.1%
Environment and Food	4.4%
Health	19.8%
Housing	0.2%
Infrastructure	5.8%
Security	10.1%
Social Welfare	22.7%
Support	13.6%
	100.0%



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

Total Public Expenditure: Year-on-Year Change

	2024-25 Actual \$m	2025-26 Revised Estimate \$m	2026-27 Estimate \$m	Increase/Decrease over 2025-26 Revised Estimate in Nominal Terms %	in Real Terms %
Education	113,783	110,904	111,975	1.0	-0.4
Social Welfare	122,123	129,519	148,140	14.4	11.6
Health	130,340	144,823	153,102	5.7	3.8
Security	65,746	65,127	71,516	9.8	8.1
Infrastructure	99,830	114,803	125,267	9.1	6.5
Environment and Food	47,756	50,854	51,256	0.8	-1.3
Economic	58,725	55,879	60,861	8.9	6.7
Housing	51,310	60,620	64,474	6.4	3.6
Community and External Affairs	30,374	27,160	27,990	3.1	0.8
Support	81,236	84,528	90,143	6.6	5.3
	<u>801,223</u>	<u>844,217</u>	<u>904,724</u>	7.2	5.1
GDP growth in 2026				4.2% to 5.2%	2.5% to 3.5%

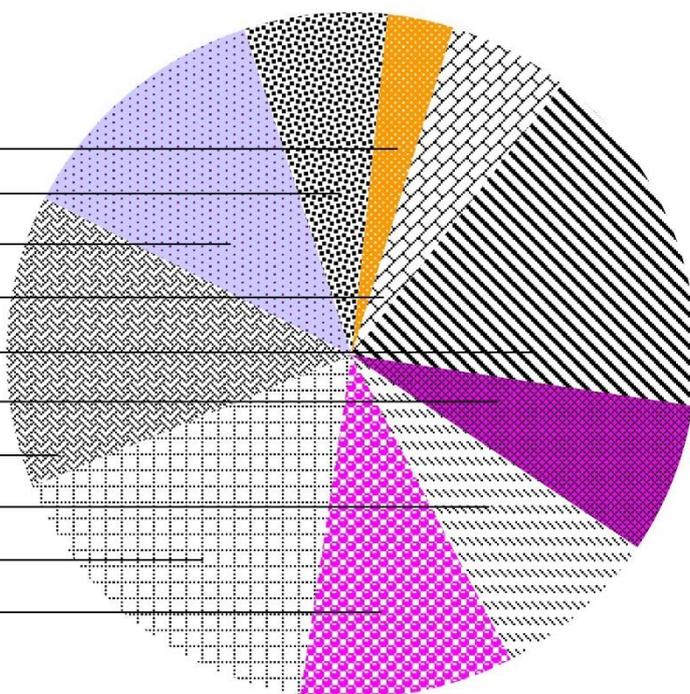
**SECTION III TOTAL PUBLIC/GOVERNMENT EXPENDITURE
BY POLICY AREA GROUP**

Total Government Expenditure: Year-on-Year Change

	2024-25 Actual \$m	2025-26 Revised Estimate \$m	2026-27 Estimate \$m	Increase/Decrease over 2025-26 Revised Estimate in Nominal Terms %	in Real Terms %
Education	113,783	110,904	111,975	1.0	-0.4
Social Welfare	122,123	129,519	148,140	14.4	11.6
Health	130,340	144,823	153,102	5.7	3.8
Security	65,746	65,127	71,516	9.8	8.1
Infrastructure	99,546	114,482	124,923	9.1	6.5
Environment and Food	47,756	50,854	51,256	0.8	-1.3
Economic	54,913	51,937	56,955	9.7	7.4
Housing	7,403	9,837	7,416	-24.6	-26.4
Community and External Affairs	30,374	27,160	27,990	3.1	0.8
Support	81,236	84,528	90,143	6.6	5.3
	<u>753,220</u>	<u>789,171</u>	<u>843,416</u>	6.9	4.8
GDP growth in 2026				4.2% to 5.2%	2.5% to 3.5%

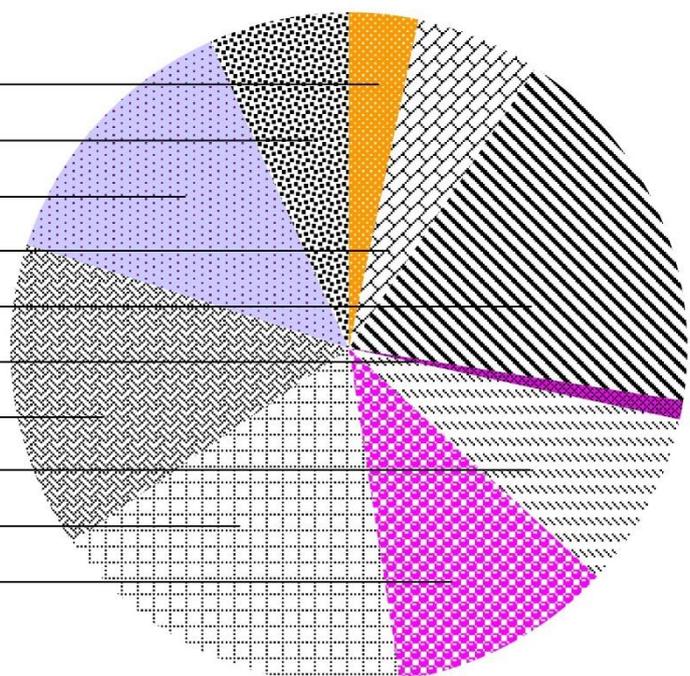
**Percentage Share of Expenditure by Policy Area Group
Total Public Expenditure : 2026-27 Estimate**

Community and External Affairs	3.1%
Economic	6.7%
Education	12.4%
Environment and Food	5.7%
Health	16.9%
Housing	7.1%
Infrastructure	13.8%
Security	7.9%
Social Welfare	16.4%
Support	10.0%
	100.0%



**Percentage Share of Expenditure by Policy Area Group
Total Government Expenditure : 2026-27 Estimate**

Community and External Affairs	3.3%
Economic	6.7%
Education	13.3%
Environment and Food	6.0%
Health	18.2%
Housing	0.9%
Infrastructure	14.8%
Security	8.5%
Social Welfare	17.6%
Support	10.7%
	100.0%



SECTION IV MAJOR CAPITAL PROJECTS PLANNED FOR COMMENCEMENT IN 2026-27

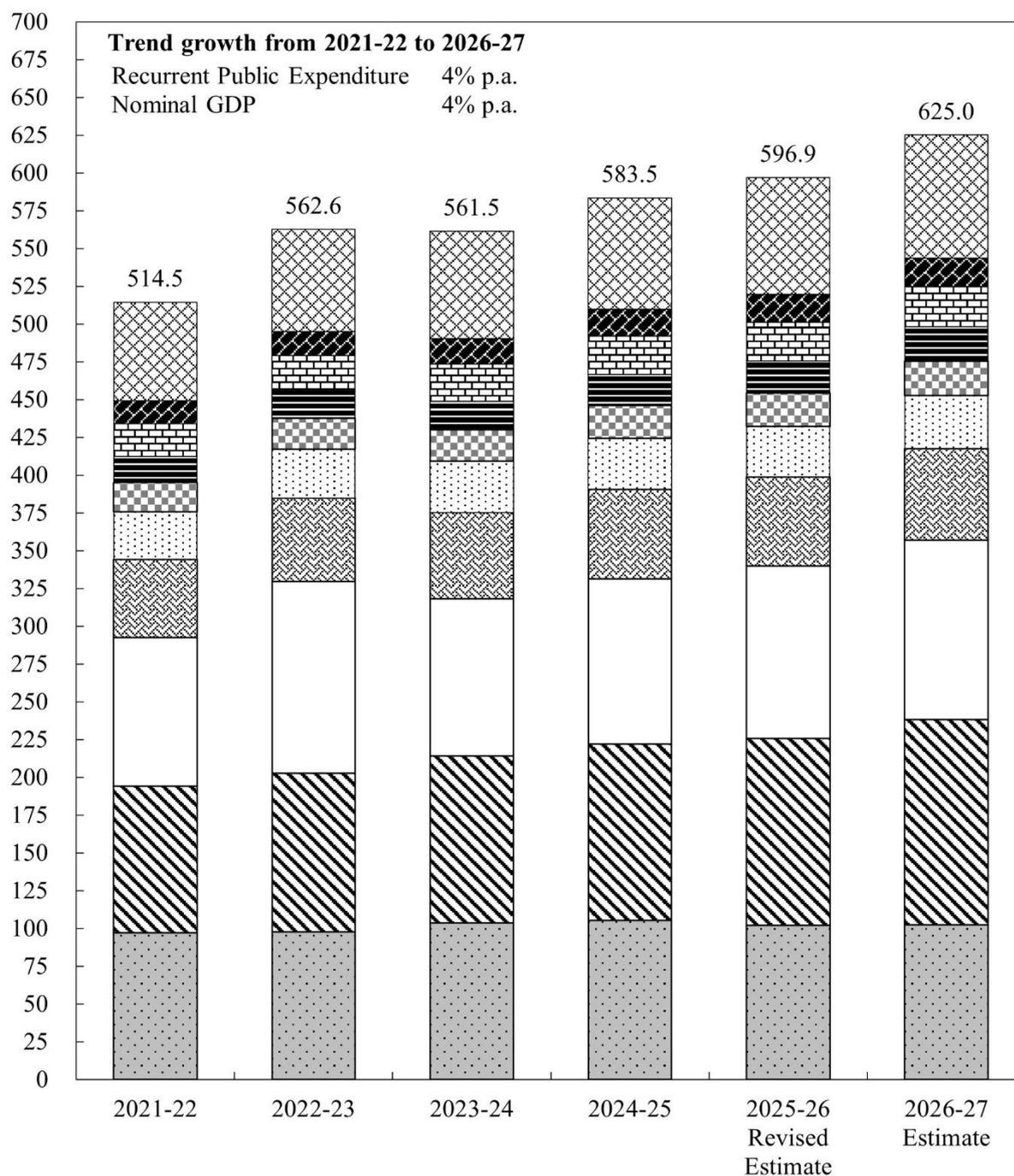
Major capital projects estimated to begin in 2026-27 include –

	Project Estimates \$ billion
Infrastructure	41.6
— Drainage improvement works in Eastern District—remaining works	
— Expansion of Aberdeen Typhoon Shelter	
— Dredging, management and capping of contaminated sediment disposal facility at the West of Lamma Island—Phase 1	
— Widening of Yuen Long Highway (section between Lam Tei and Tong Yan San Tsuen)	
— Development off Tseung Kwan O Area 132	
— Development at Tseung Kwan O Area 137—Phase 1	
— Phase 1 Stage 2 Works of San Tin Technopole—Site Formation and Engineering Infrastructure	
— The Priority Development Area of New Territories North New Town—Detailed Design and Site Investigation	
— Improvement to So Kwun Po Interchange	
— Site formation and infrastructure works at Shap Pat Heung, Yuen Long	
Environment and Food	40.7
— Provision of Crematorium at Wo Hop Shek Cemetery	
— Integrated Waste Management Facilities Phase 2	
— Modification and upgrading of Sha Tin transfer station	
— Establishment of Sam Po Shue Wetland Conservation Park—Phase 1 Construction and Detailed Design for Remaining Phase	
Support	3.3
— Joint-user Complex at Carpenter Road, Kowloon City	
Education	1.8
— A 30-classroom secondary school at Area 89 (Southern side), Tung Chung	
— The Chinese University of Hong Kong—Engineering Building at Central Campus	
— Development of Hong Kong Institute of Information Technology at the School of Business and Information Systems Building in Tsing Yi	

SECTION V TRENDS IN PUBLIC EXPENDITURE : 2021-22 TO 2026-27

Recurrent Public Expenditure by Policy Area Group

(\$billion)

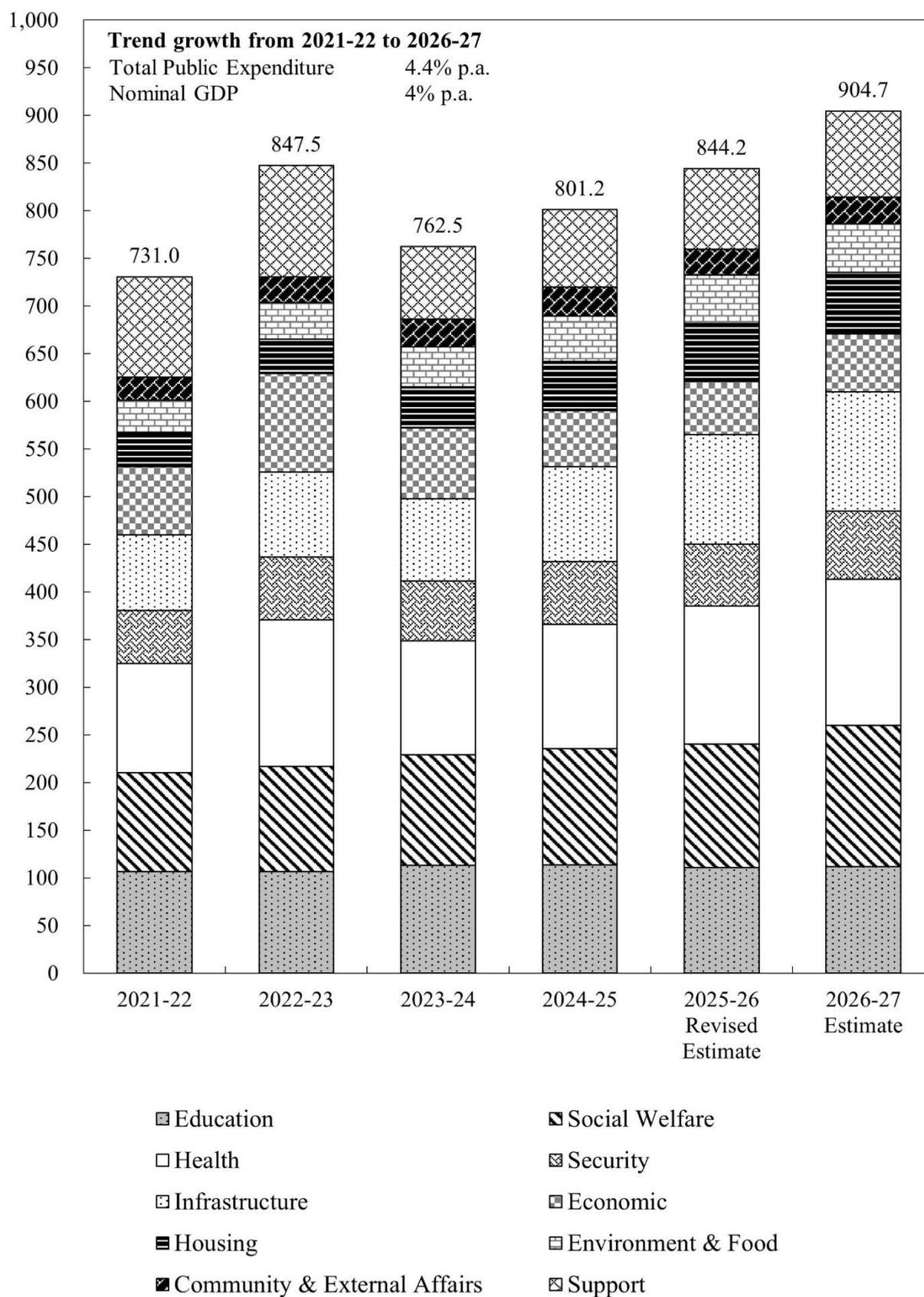


- Education
- Health
- ▨ Infrastructure
- Housing
- ▨ Community & External Affairs
- ▨ Social Welfare
- ▨ Security
- ▨ Economic
- ▨ Environment & Food
- ▨ Support

SECTION V TRENDS IN PUBLIC EXPENDITURE : 2021-22 TO 2026-27

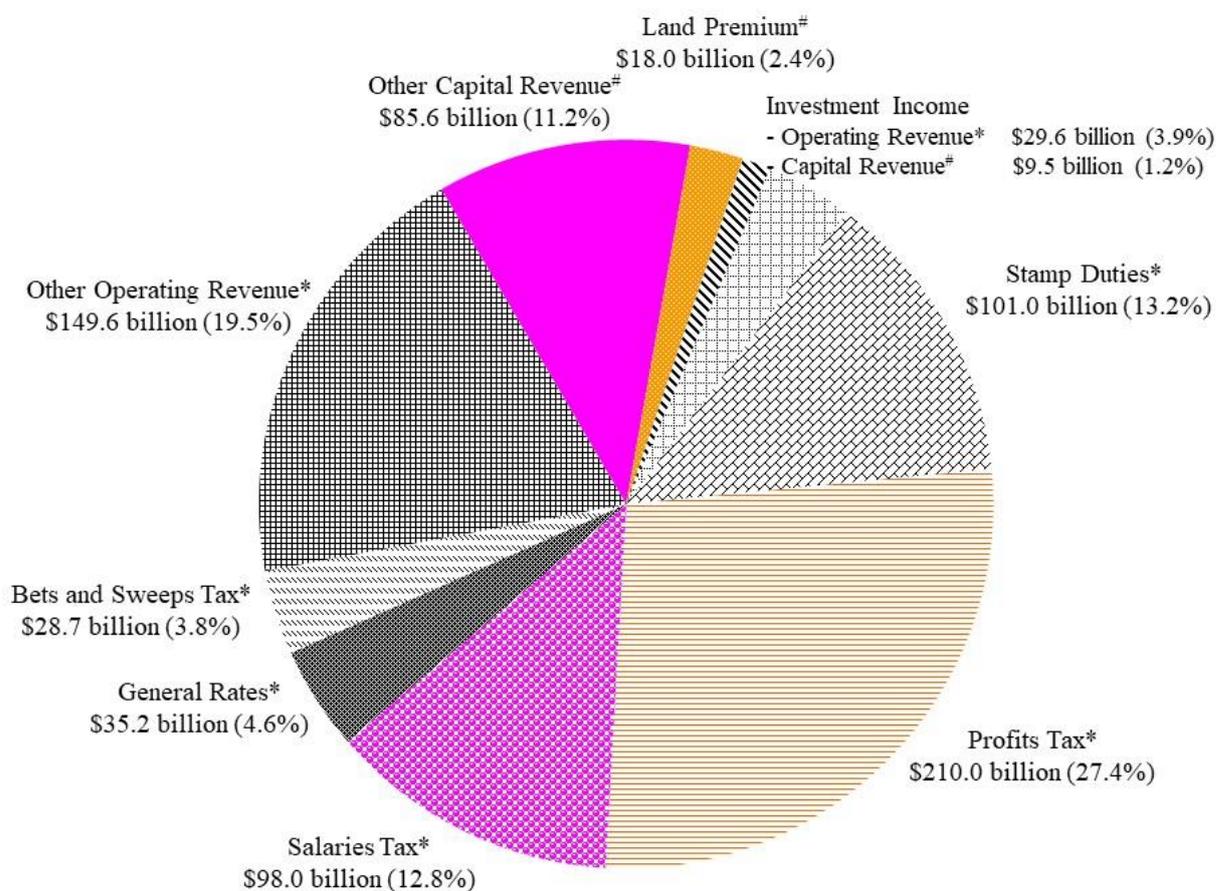
Total Public Expenditure by Policy Area Group

(\$billion)



SECTION VI ANALYSIS OF GOVERNMENT REVENUE

2026-27 Estimate (\$765.2 billion)



	2026-27 Estimate	% Share of Government Revenue	% of GDP
* Operating Revenue	\$652.1 billion	85.2%	18.7%
# Capital Revenue	\$113.1 billion	14.8%	3.2%
Total	\$765.2 billion	100%	21.9%

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
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 2026-27 Estimates. The index further provides details, by head of expenditure, of individual programmes which contribute to a policy area.