

APPENDIX B

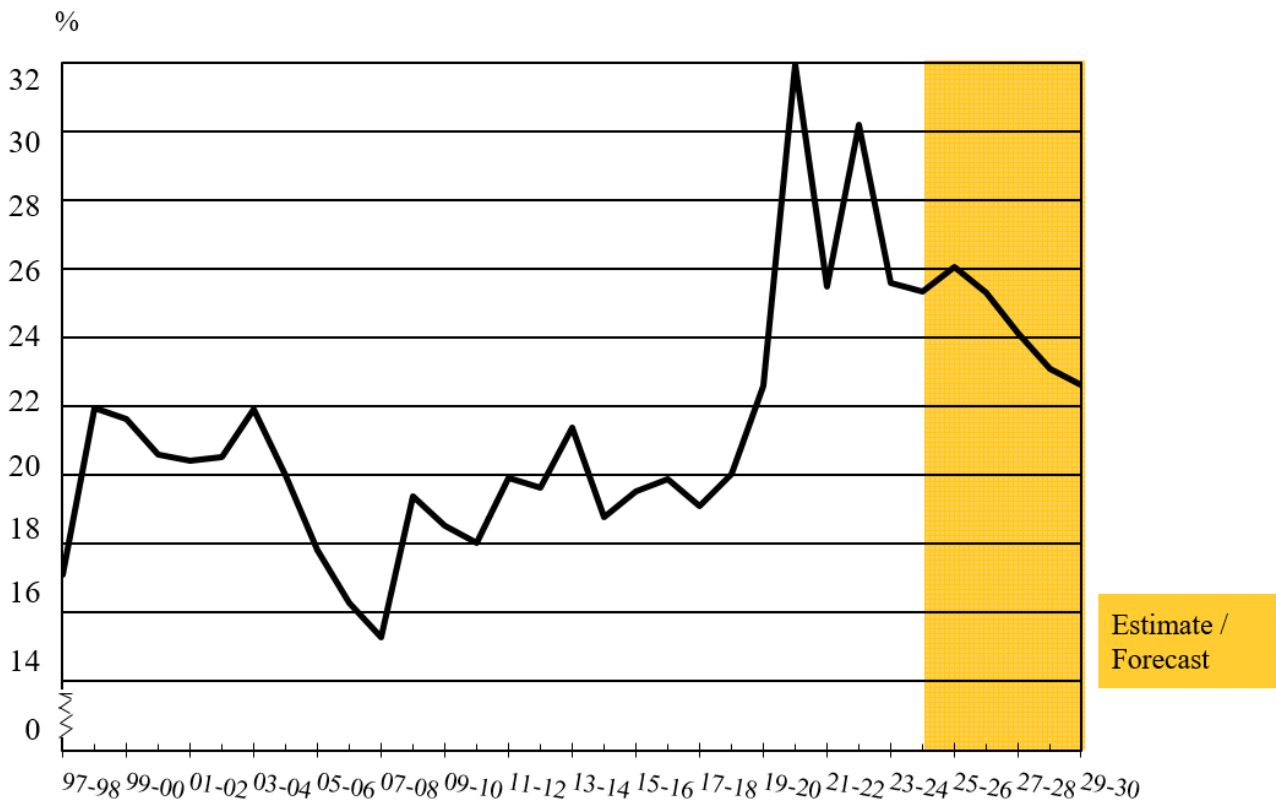
ANALYSIS OF EXPENDITURE AND REVENUE

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

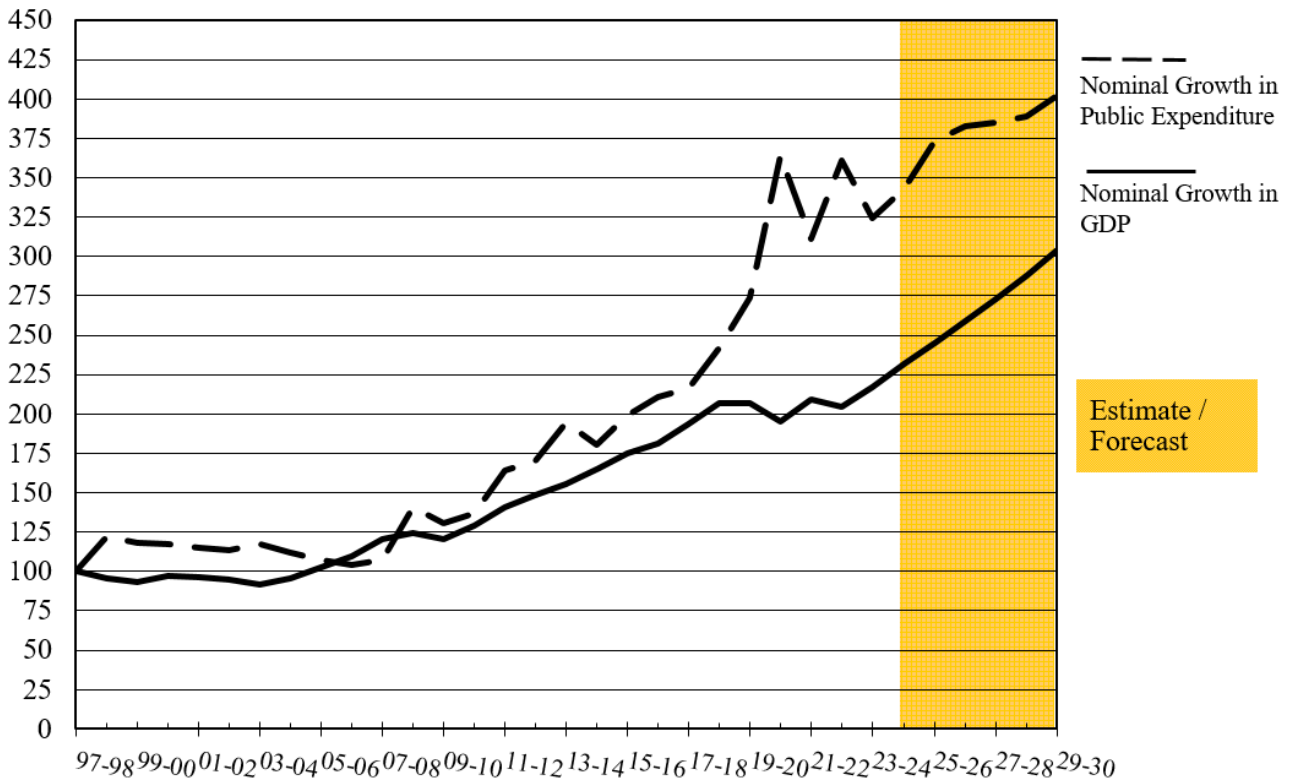
| | 2025-26 Estimate \$m |
|--|-------------------------------------|
| General Revenue Account | |
| Operating | 624,212 |
| Capital | 8,431 |
| | <hr/> 632,643 |
| Capital Investment Fund | 5,749 |
| Capital Works Reserve Fund | 164,071 |
| Innovation and Technology Fund | 12,449 |
| Loan Fund | 3,044 |
| Lotteries Fund | 4,315 |
| | <hr/> |
| Government Expenditure | 822,271 |
| Trading Funds | 5,376 |
| Housing Authority | 50,098 |
| | <hr/> |
| Public Expenditure | 877,745 |
| | <hr/> |
| GDP | 3,367,600 |
| Public Expenditure in terms of percentage of GDP | 26.1% |

Public Expenditure in terms of Percentage of GDP



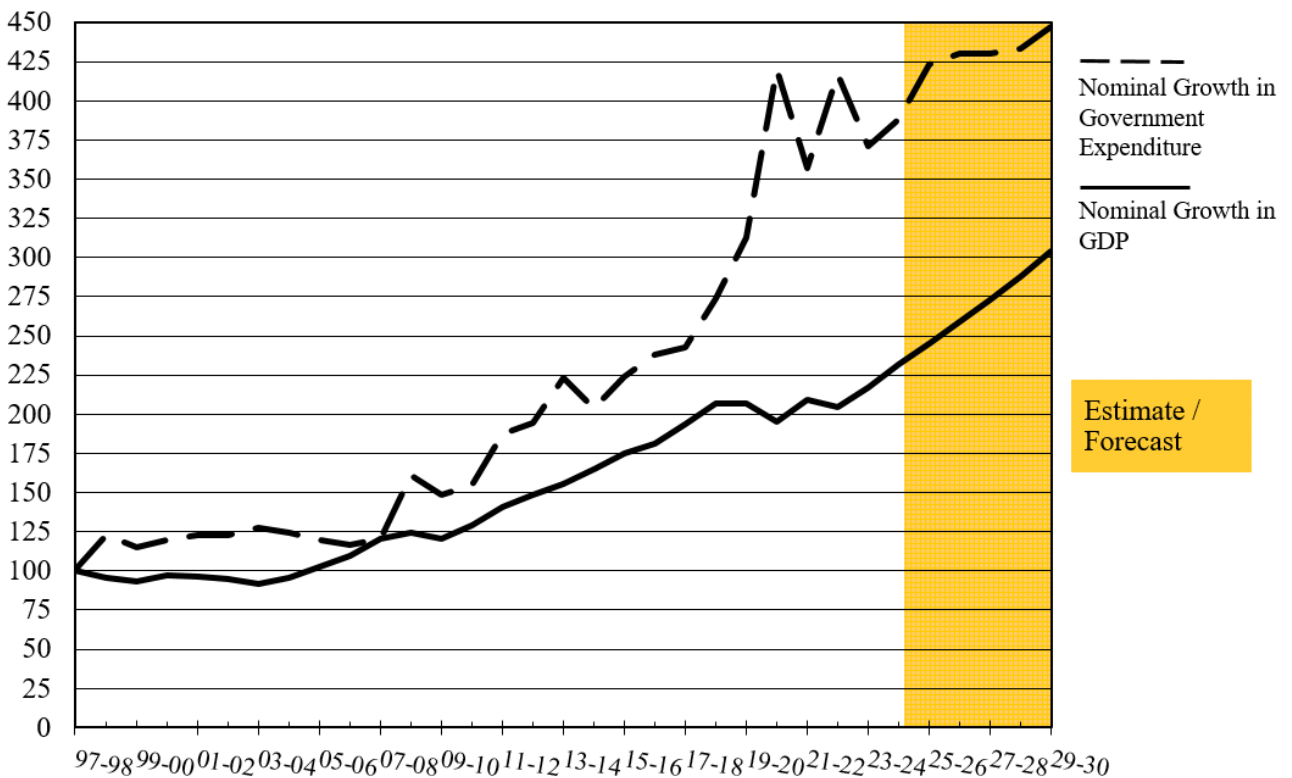
**Comparison of Cumulative Growth in Public Expenditure
with Cumulative Growth in GDP
since 1997-98**

Index
(97-98 = 100)



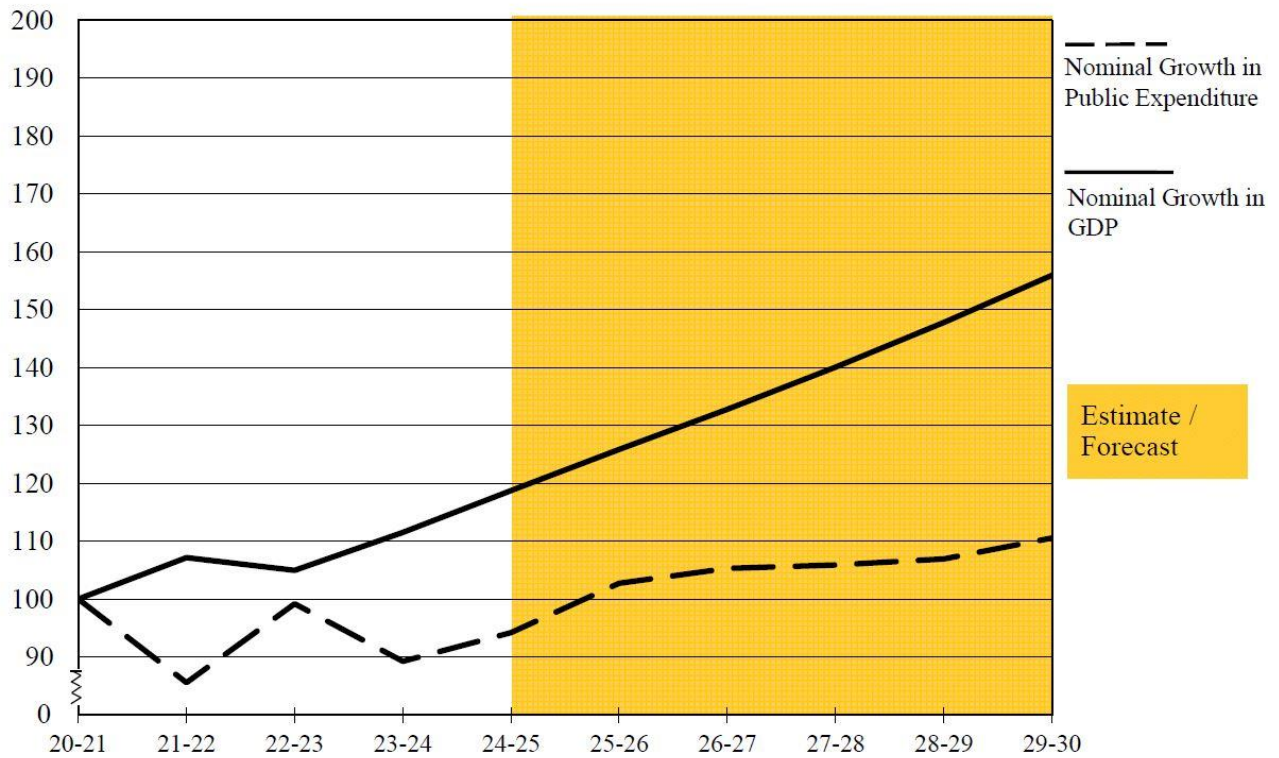
**Comparison of Cumulative Growth in Government Expenditure
with Cumulative Growth in GDP
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Index
(97-98 = 100)



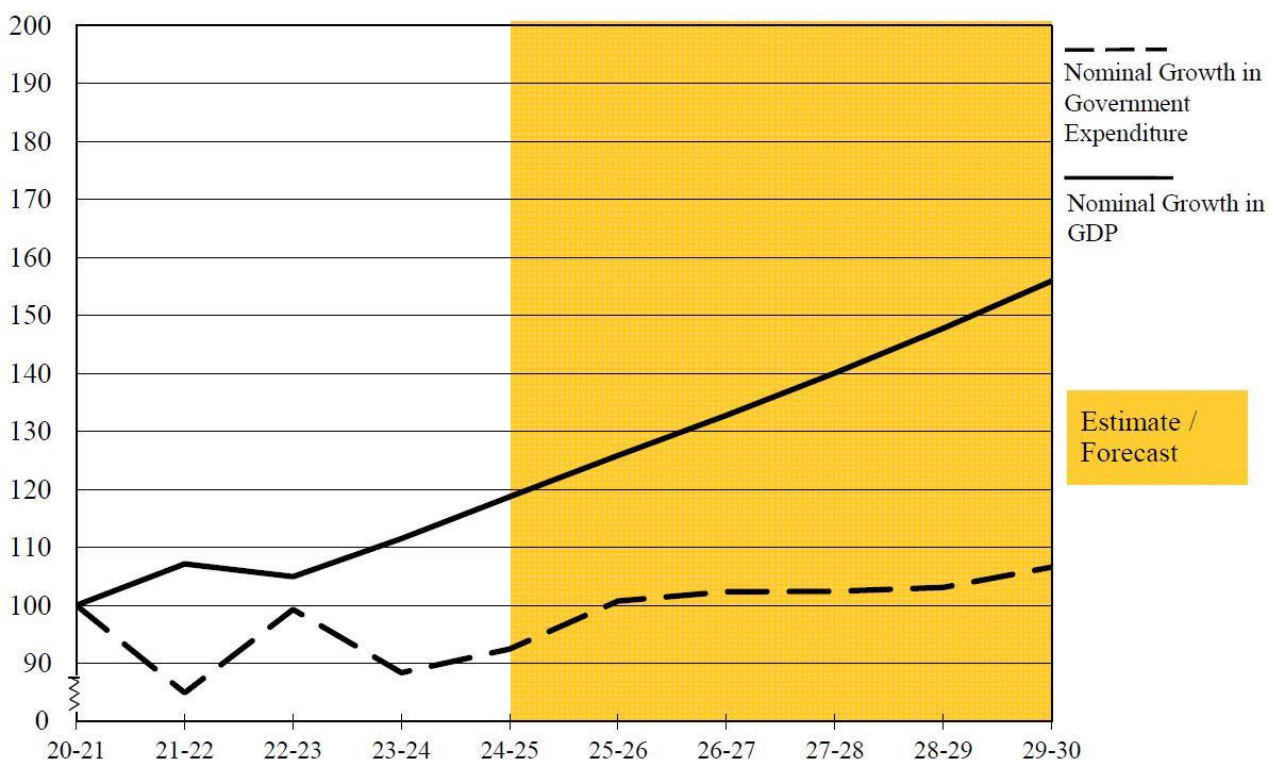
**Comparison of Cumulative Growth in Public Expenditure
with Cumulative Growth in GDP
since 2020-21**

Index
(20-21 = 100)



**Comparison of Cumulative Growth in Government Expenditure
with Cumulative Growth in GDP
since 2020-21**

Index
(20-21 = 100)



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

Recurrent Public Expenditure : Year-on-Year Change

| | 2023-24 Actual \$m | 2024-25 Revised Estimate \$m | 2025-26 Estimate \$m | Increase/Decrease over 2024-25 Revised Estimate in Nominal Terms % | in Real Terms % |
|---------------------------------------|--------------------------|---------------------------------------|----------------------------|---|-----------------------|
| Education | 103,683 | 105,314 | 102,857 | -2.3 | -3.1 |
| Social Welfare | 110,642 | 118,731 | 130,393 | 9.8 | 8.4 |
| Health | 103,918 | 109,211 | 115,331 | 5.6 | 4.3 |
| Security | 57,053 | 59,458 | 60,913 | 2.4 | 1.4 |
| Infrastructure | 33,891 | 33,533 | 34,369 | 2.5 | 0.6 |
| Environment and Food | 24,533 | 25,396 | 26,296 | 3.5 | 1.2 |
| Economic | 20,834 | 22,167 | 22,849 | 3.1 | 1.5 |
| Housing | 18,947 | 20,473 | 21,980 | 7.4 | 5.5 |
| Community and External Affairs | 16,860 | 17,829 | 19,331 | 8.4 | 6.1 |
| Support | 71,145 | 74,198 | 79,150 | 6.7 | 4.9 |
| | <u>561,506</u> | <u>586,310</u> | <u>613,469</u> | 4.6 | 3.2 |
| GDP growth in 2025 | | | | 5.5% to 6.5% | 2% to 3% |

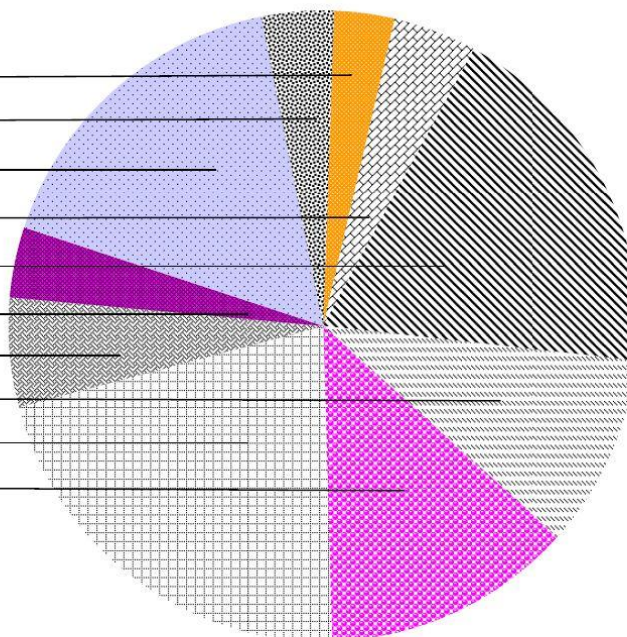
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Recurrent Government Expenditure : Year-on-Year Change

| | 2023-24 Actual \$m | 2024-25 Revised Estimate \$m | 2025-26 Estimate \$m | Increase/Decrease over 2024-25 Revised Estimate | |
|---------------------------------------|--------------------------|---------------------------------------|----------------------------|---|-----------------------|
| | | | | in Nominal Terms % | in Real Terms % |
| Education | 103,683 | 105,314 | 102,857 | -2.3 | -3.1 |
| Social Welfare | 110,642 | 118,731 | 130,393 | 9.8 | 8.4 |
| Health | 103,918 | 109,211 | 115,331 | 5.6 | 4.3 |
| Security | 57,053 | 59,458 | 60,913 | 2.4 | 1.4 |
| Infrastructure | 33,662 | 33,275 | 34,102 | 2.5 | 0.6 |
| Environment and Food | 24,533 | 25,396 | 26,296 | 3.5 | 1.2 |
| Economic | 16,895 | 18,314 | 18,842 | 2.9 | 1.1 |
| Housing | 718 | 790 | 849 | 7.5 | 7.4 |
| Community and External Affairs | 16,860 | 17,829 | 19,331 | 8.4 | 6.1 |
| Support | 71,145 | 74,198 | 79,150 | 6.7 | 4.9 |
| | <u>539,109</u> | <u>562,516</u> | <u>588,064</u> | 4.5 | 3.2 |
| GDP growth in 2025 | | | | 5.5% to 6.5% | 2% to 3% |

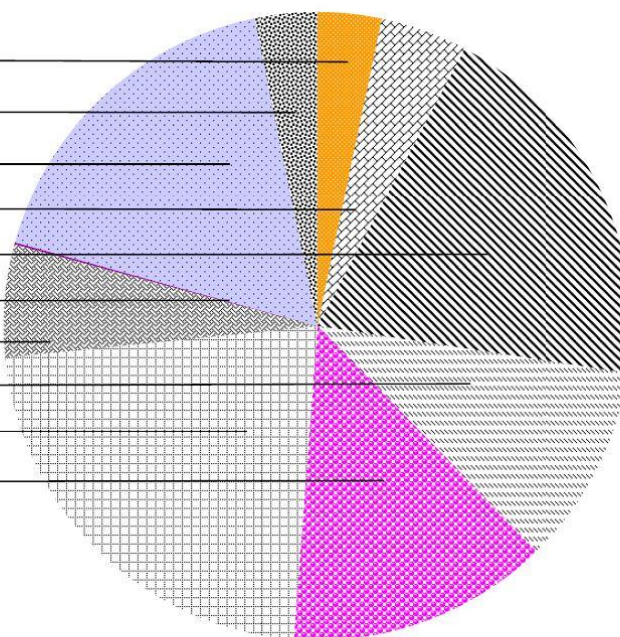
**Percentage Share of Expenditure by Policy Area Group
 Recurrent Public Expenditure : 2025-26 Estimate**

| | |
|--------------------------------|--------|
| Community and External Affairs | 3.1% |
| Economic | 3.7% |
| Education | 16.8% |
| Environment and Food | 4.3% |
| Health | 18.8% |
| Housing | 3.6% |
| Infrastructure | 5.6% |
| Security | 9.9% |
| Social Welfare | 21.3% |
| Support | 12.9% |
| | 100.0% |



**Percentage Share of Expenditure by Policy Area Group
 Recurrent Government Expenditure : 2025-26 Estimate**

| | |
|--------------------------------|--------|
| Community and External Affairs | 3.3% |
| Economic | 3.2% |
| Education | 17.5% |
| Environment and Food | 4.5% |
| Health | 19.6% |
| Housing | 0.1% |
| Infrastructure | 5.8% |
| Security | 10.3% |
| Social Welfare | 22.2% |
| Support | 13.5% |
| | 100.0% |



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

Total Public Expenditure : Year-on-Year Change

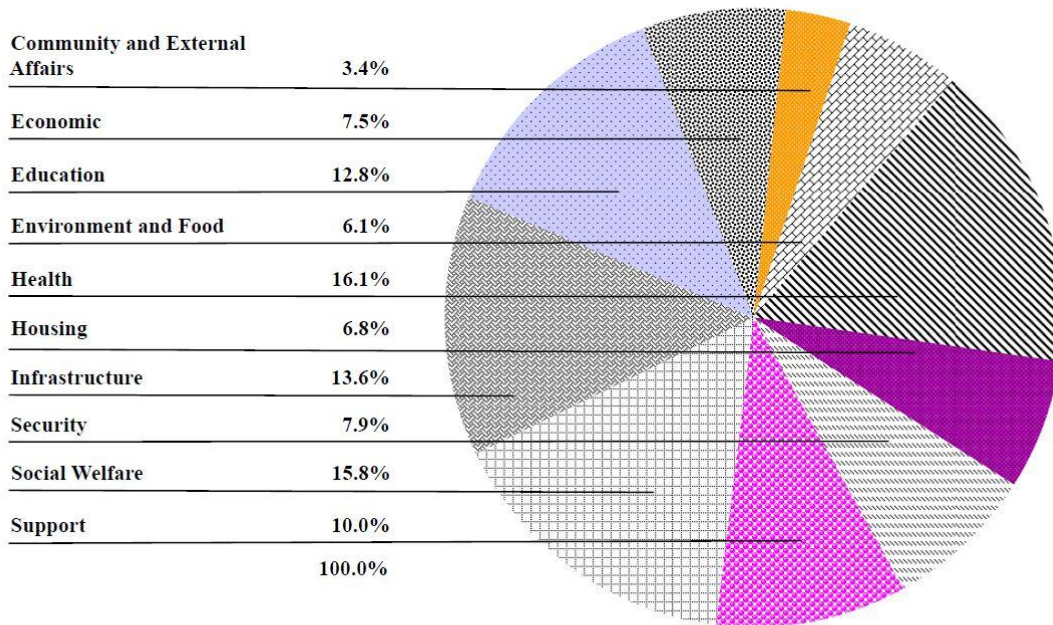
| | 2023-24 Actual \$m | 2024-25 Revised Estimate \$m | 2025-26 Estimate \$m | Increase/Decrease over 2024-25 Revised Estimate in Nominal Terms % | in Real Terms % |
|---------------------------------------|--------------------------|---------------------------------------|----------------------------|---|-----------------------|
| Education | 113,541 | 113,780 | 112,448 | -1.2 | -2.2 |
| Social Welfare | 115,795 | 124,128 | 139,050 | 12.0 | 10.5 |
| Health | 119,471 | 130,224 | 141,040 | 8.3 | 6.7 |
| Security | 62,868 | 66,003 | 69,014 | 4.6 | 3.3 |
| Infrastructure | 86,325 | 99,090 | 119,612 | 20.7 | 18.1 |
| Environment and Food | 42,039 | 48,489 | 53,518 | 10.4 | 8.0 |
| Economic | 74,262 | 57,599 | 66,045 | 14.7 | 11.6 |
| Housing | 42,979 | 53,103 | 59,824 | 12.7 | 10.2 |
| Community and External Affairs | 28,987 | 30,663 | 29,841 | -2.7 | -5.0 |
| Support | 76,193 | 81,784 | 87,353 | 6.8 | 4.9 |
| | <u>762,460</u> | <u>804,863</u> | <u>877,745</u> | 9.1 | 7.2 |
| GDP growth in 2025 | | | | 5.5% to 6.5% | 2% to 3% |

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

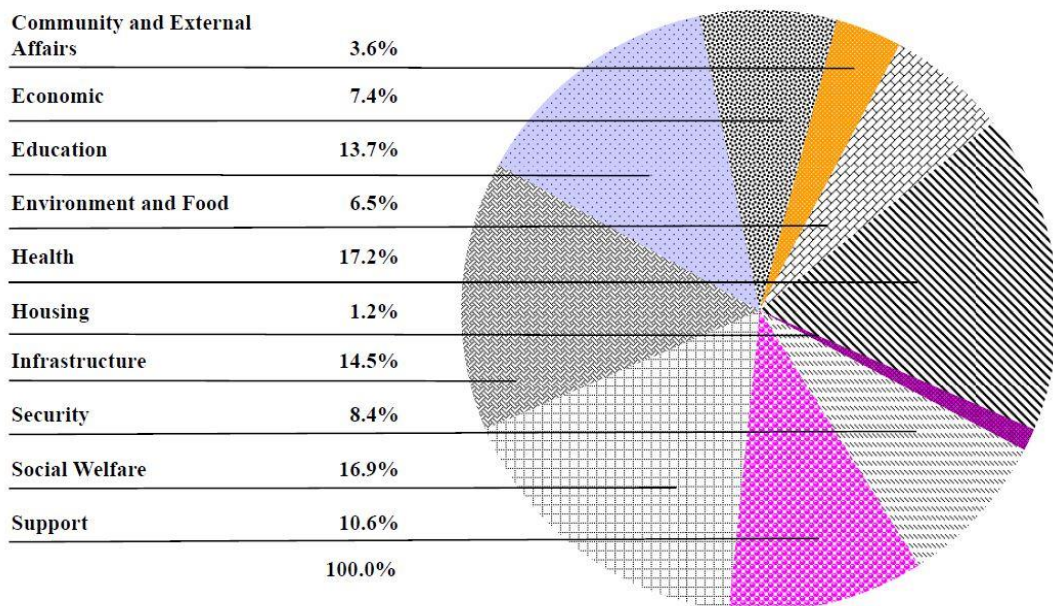
Total Government Expenditure : Year-on-Year Change

| | 2023-24 Actual \$m | 2024-25 Revised Estimate \$m | 2025-26 Estimate \$m | Increase/Decrease over 2024-25 Revised Estimate | |
|---------------------------------------|--------------------------|---------------------------------------|----------------------------|---|-----------------------|
| | | | | in Nominal Terms % | in Real Terms % |
| Education | 113,541 | 113,780 | 112,448 | -1.2 | -2.2 |
| Social Welfare | 115,795 | 124,128 | 139,050 | 12.0 | 10.5 |
| Health | 119,471 | 130,224 | 141,040 | 8.3 | 6.7 |
| Security | 62,868 | 66,003 | 69,014 | 4.6 | 3.3 |
| Infrastructure | 86,054 | 98,786 | 119,275 | 20.7 | 18.1 |
| Environment and Food | 42,039 | 48,489 | 53,518 | 10.4 | 8.0 |
| Economic | 69,954 | 53,392 | 61,006 | 14.3 | 11.0 |
| Housing | 6,399 | 7,505 | 9,726 | 29.6 | 26.5 |
| Community and External Affairs | 28,987 | 30,663 | 29,841 | -2.7 | -5.0 |
| Support | 76,193 | 81,784 | 87,353 | 6.8 | 4.9 |
| | <u>721,301</u> | <u>754,754</u> | <u>822,271</u> | 8.9 | 7.1 |
| GDP growth in 2025 | | | | 5.5% to 6.5% | 2% to 3% |

Percentage Share of Expenditure by Policy Area Group
Total Public Expenditure : 2025-26 Estimate



Percentage Share of Expenditure by Policy Area Group
Total Government Expenditure : 2025-26 Estimate



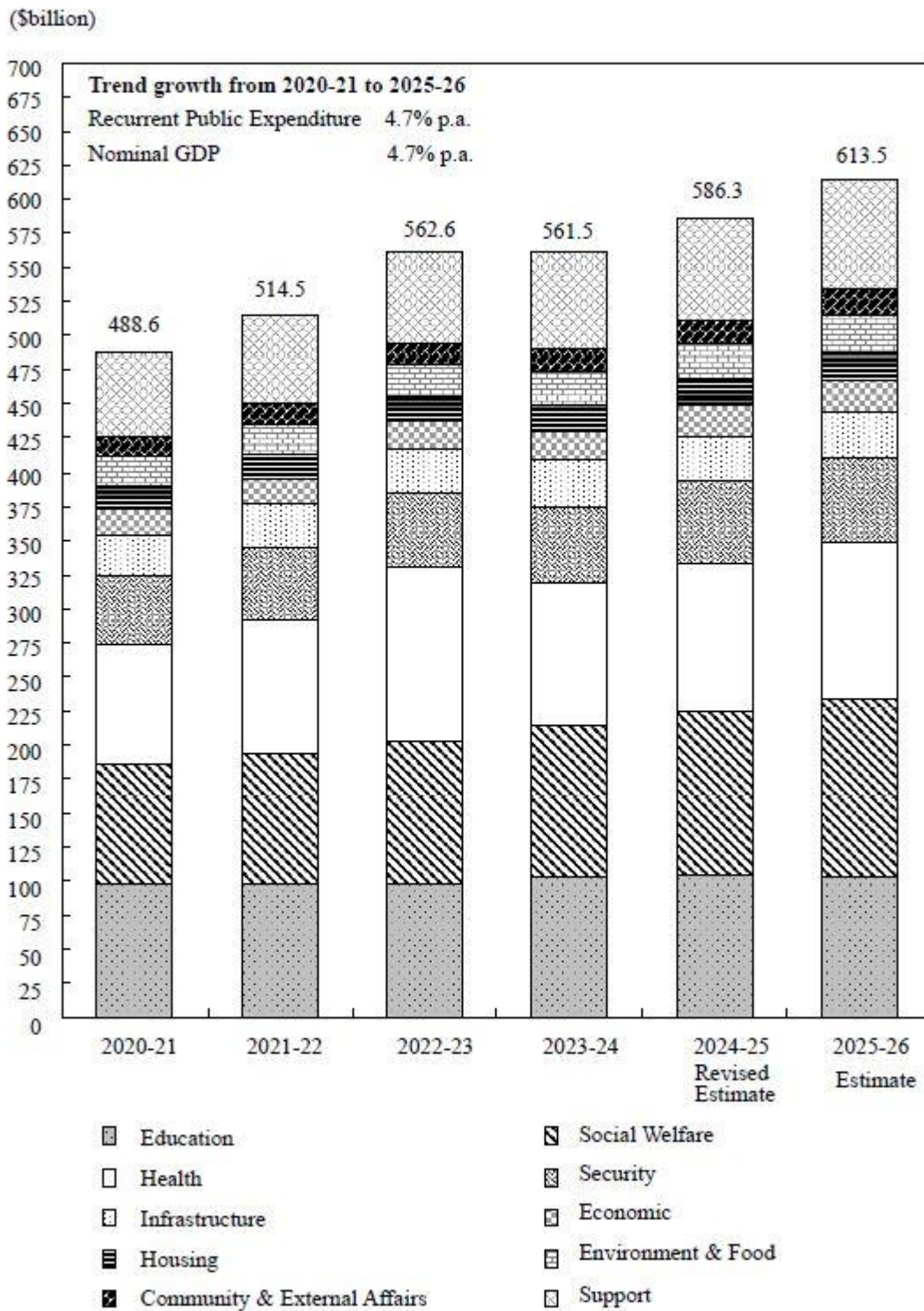
SECTION IV MAJOR CAPITAL PROJECTS PLANNED FOR COMMENCEMENT IN 2025-26

Major capital projects estimated to begin in 2025-26 include –

| | Project Estimates \$ billion |
|---|---|
| Infrastructure | 34.5 |
| — Construction of Annex Block at Hong Kong Observatory Headquarters, Tsim Sha Tsui | |
| — Town Park with Public Vehicle Park in Area 66, Tseung Kwan O | |
| — Tung Chung New Town Extension—Site Formation and Infrastructure Works (Second Phase) | |
| — Yuen Long South New Development Area—Second Phase Development—Site Formation and Engineering Infrastructure Works | |
| — Ngau Tam Mei water treatment works extension—Main works—Package one | |
| — Improvement of water supply to northern New Territories | |
| — Site formation and infrastructure works for public housing development at A Kung Ngam Village, Eastern | |
| — Site formation and infrastructure works for public housing development near Chai Wan Swimming Pool, Chai Wan | |
| Environment and Food | 22.1 |
| — Relocation of Sha Tin Sewage Treatment Works to caverns—Remaining works | |
| — Hung Shui Kiu Effluent Polishing Plant—Phase 1 | |
| Education | 6.4 |
| — A 30-classroom primary school at Area 89 (Northern side), Tung Chung | |
| — A 30-classroom primary school at Area 17, Fanling North New Development Area | |
| — A 30-classroom primary school at Area 29, Kwu Tung North New Development Area | |
| — Construction of a new academic building on an extension site east of No. 3 Sassoon Road (Main Works) | |
| — Construction of a Clinical Training Amenities Centre at No. 6 Sassoon Road (Main Works) | |
| — Development of Hong Kong Institute of Information Technology (HKIIT) at the School of Business and Information Systems Building in Tsing Yi | |
| Support | 5.7 |
| — Hoi Ting Road Joint-user Complex | |
| — Joint-user Complex at Cheung Sha Wan Road, Sham Shui Po | |
| Health | 3.3 |
| — Redevelopment of Shek Kip Mei Health Centre | |
| — Re provisioning of Victoria Public Mortuary | |
| Security | 1.2 |
| — Construction of Fire Station-cum-Ambulance Depot with Departmental Quarters and Facilities at Anderson Road Quarry Site, Sai Kung | |

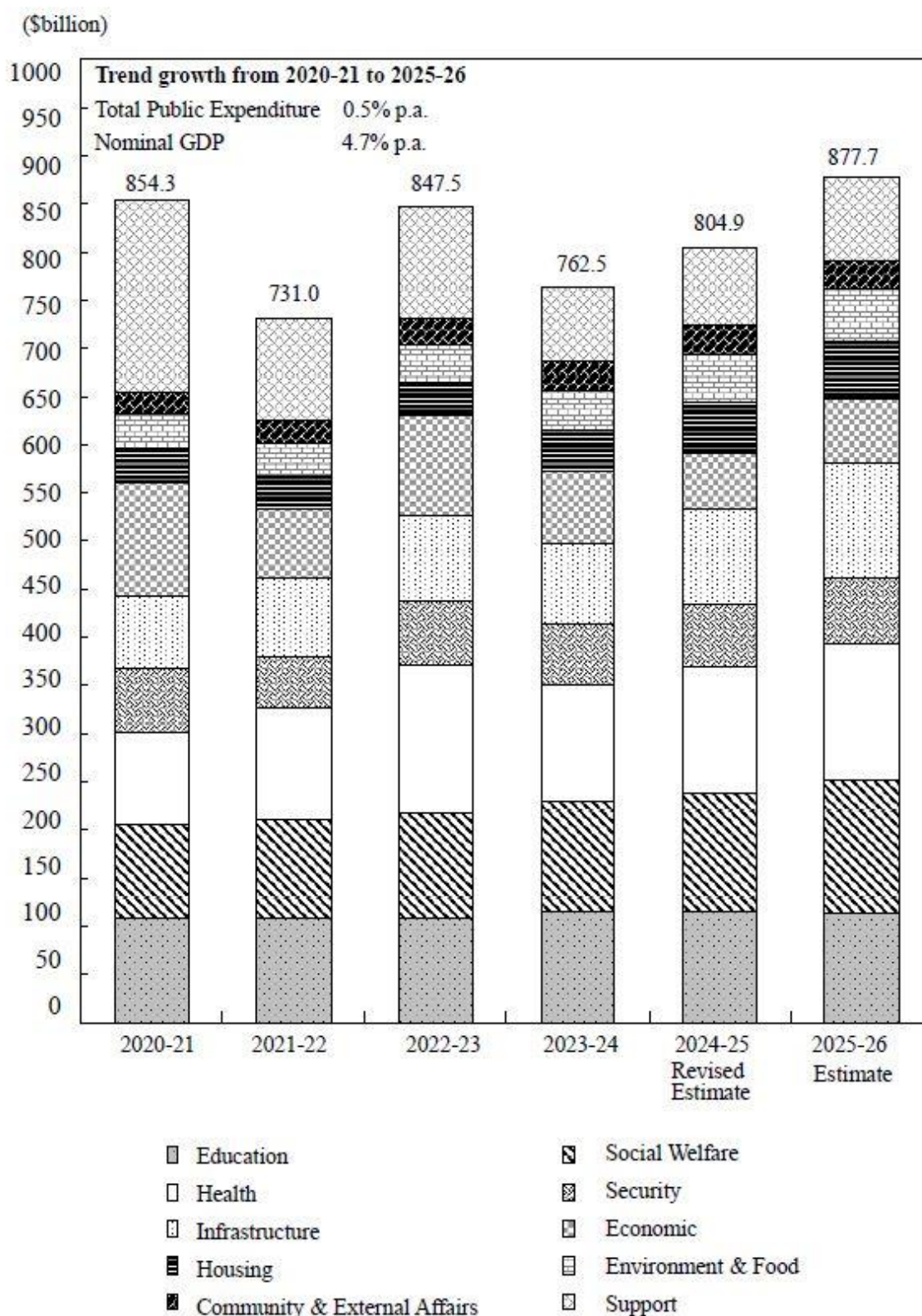
SECTION V TRENDS IN PUBLIC EXPENDITURE : 2020-21 TO 2025-26

Recurrent Public Expenditure by Policy Area Group



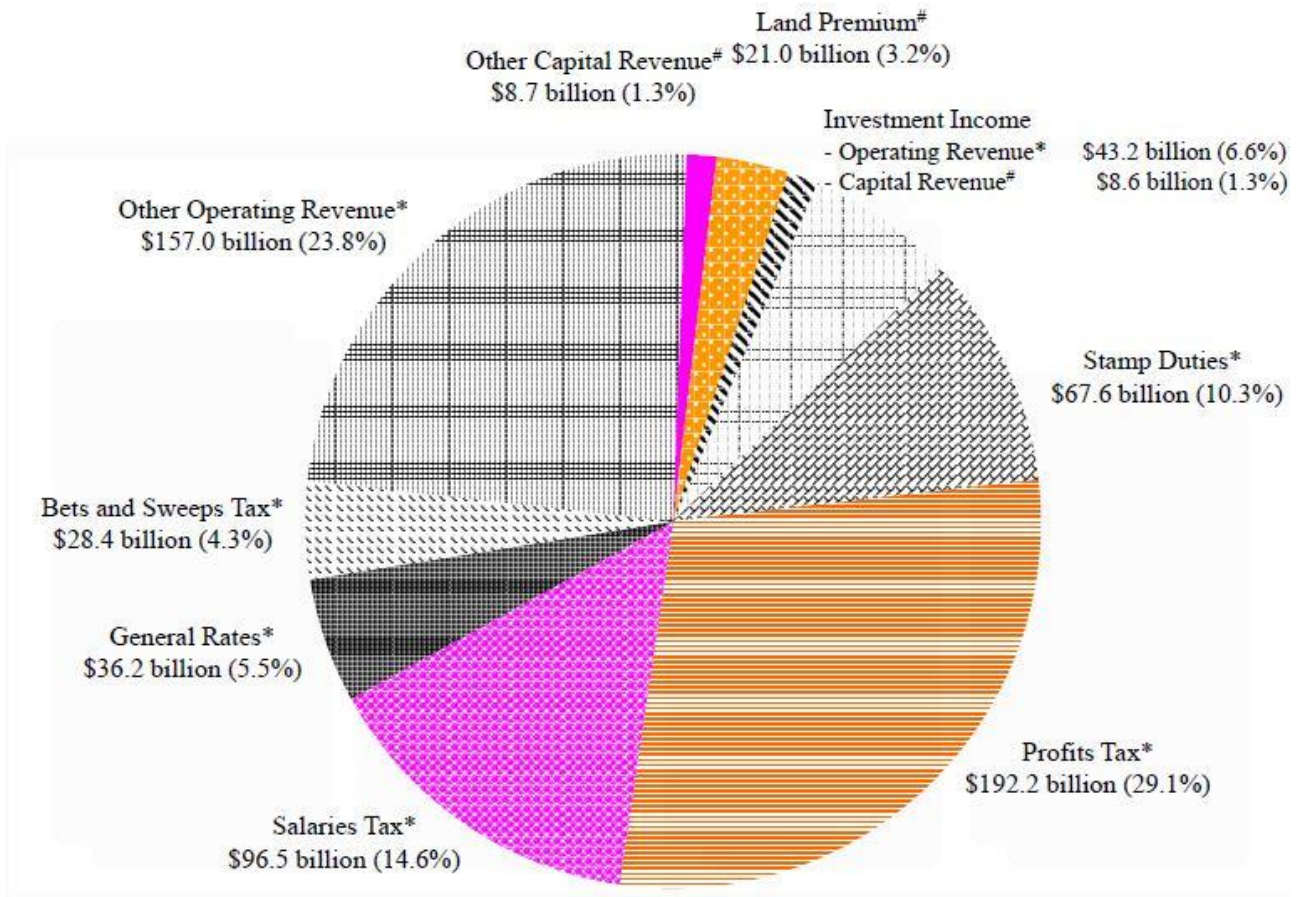
SECTION V TRENDS IN PUBLIC EXPENDITURE : 2020-21 TO 2025-26

Total Public Expenditure by Policy Area Group



SECTION VI ANALYSIS OF GOVERNMENT REVENUE

2025-26 Estimate (\$659.4 billion)



| | 2025-26 Estimate | % Share of Government Revenue | % of GDP |
|---------------------|------------------------|-------------------------------|--------------|
| * Operating Revenue | \$621.1 billion | 94.2% | 18.5% |
| # Capital Revenue | \$38.3 billion | 5.8% | 1.1% |
| Total | \$659.4 billion | 100% | 19.6% |

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 2025-26 Estimates. The index further provides details, by head of expenditure, of individual programmes which contribute to a policy area.