

24th Population Census Conference 2009

Insights from Census Data on Income Distribution in Hong Kong

**Mr. Dominic K T Leung
Census and Statistics Department
Hong Kong, China
25-27 March 2009**

Gini Coefficient in Hong Kong

(based on original monthly household income)

Year	Gini Coefficient
1971	0.430
1976	0.429
1981	0.451
1986	0.453
1991	0.476
1996	0.518
2001	0.525
2006	0.533



Introduction

- Hot discussion in the community on the issue of rising income disparity shortly after release of the 2006 Population By-census results in early 2007
 - Did it mean that the rich have become richer and the poor have become poorer?
 - Was it more related to Hong Kong's increasing complexity in demographic, social and economic structure?
 - Could it be still appropriate to simply use Gini Coefficient as the only indicator to describe income disparity?



The role of Census data in analyzing income distribution

- 1st in-depth income study completed in mid-2007
- Use the data collected from the Population Census/By-census in 1996, 2001 & 2006
- Objectives
 - Analyse the overall income distribution (both individual and household) in Hong Kong and the factors underpinning the changes
 - Assess the redistributive effects of government intervention on income through public policies



Individual income distribution

Income Group	Median Monthly Income from Main Employment (HK\$)		
	1996	2001	2006
1 st Decile Group	3,200	3,500	3,200 +0.0%
2 nd Decile Group	5,000	5,000	4,500
3 rd – 8 th Decile Groups	9,500	10,000	10,000
9 th Decile Group	20,000	23,750	23,750
10 th Decile Groups	37,500	45,000	45,000 +20.0%
Both sexes	9,500	10,000	10,000



Individual income distribution

Educational Attainment (highest level attended)	Gini Coefficient			Share in Working Population		
	1996	2001	2006	1996	2001	2006
No schooling / Pre-primary	0.370	0.349	0.418	2.8	2.0	1.6
Primary	0.345	0.341	0.379	18.0	15.2	12.2
Lower secondary	0.329	0.336	0.357	20.4	19.8	19.0
Upper secondary and Sixth form	0.393	0.397	0.416	39.2	41.2	37.2
Post-secondary : Diploma / Certificate / Sub-degree course	0.430	0.424	0.439	6.2	5.0	9.4
Post-secondary : Degree course	0.562	0.529	0.528	13.4	16.8	20.7
Total	0.483	0.488	0.500	100.0	100.0	100.0



Individual income distribution

Occupation	Gini Coefficient			Share in Working Population		
	1996	2001	2006	1996	2001	2006
1. Managers and administrators	0.556	0.521	0.528	12.2	10.8	10.8
2. Professionals	0.476	0.454	0.466	5.0	5.6	6.1
3. Associate professionals	0.366	0.340	0.357	12.2	15.4	16.2
4. Service workers and shop sales workers	0.340	0.332	0.346	13.7	14.9	16.3
<i>Sub-total (1-4)</i>	-	-	-	<i>43.1</i>	<i>46.7</i>	<i>49.4</i>
Overall	0.483	0.488	0.500	100.0	100.0	100.0



Individual income distribution

Occupation	Gini Coefficient			Share in Working Population		
	1996	2001	2006	1996	2001	2006
5. Clerks	0.234	0.256	0.272	16.8	16.3	16.8
6. Craft and related workers	0.272	0.268	0.264	12.3	9.9	8.5
7. Plant and machine operators and assemblers	0.264	0.260	0.251	8.6	7.4	6.2
8. Elementary occupations	0.273	0.288	0.283	18.4	19.5	18.8
9. Skilled agricultural and fishery workers; and occupations not classifiable	-	-	-	0.7	0.3	0.3
<i>Sub-total (5-9)</i>	-	-	-	<i>56.9</i>	<i>53.3</i>	<i>50.6</i>
Overall	0.483	0.488	0.500	100.0	100.0	100.0



Individual income distribution

Industry	Gini Coefficient			Share in Working Population		
	1996	2001	2006	1996	2001	2006
1. Construction	0.389	0.346	0.362	8.1	7.6	6.9
2. Transport, storage and communications	0.397	0.405	0.404	10.9	11.3	11.7
3. Wholesale, retail and import/export trades, restaurants and hotels	0.447	0.440	0.456	24.6	26.0	27.0
4. Manufacturing	0.461	0.447	0.481	18.9	12.3	9.6
<i>Sub-total (1-4)</i>	-	-	-	62.6	57.3	55.2
Overall	0.483	0.488	0.500	100.0	100.0	100.0



Individual income distribution

Industry	Gini Coefficient			Share in Working Population		
	1996	2001	2006	1996	2001	2006
5. Community, social and personal services	0.501	0.529	0.532	22.5	25.6	27.0
6. Financing, insurance, real estate and business services	0.552	0.532	0.544	13.5	16.2	17.0
7. Others	0.519	0.518	0.576	1.4	0.9	0.7
<i>Sub-total (5-7)</i>	-	-	-	37.4	42.7	44.8
Overall	0.483	0.488	0.500	100.0	100.0	100.0



Household income distribution

Monthly Domestic Household Income	1996		2001		2006	
	Number	%	Number	%	Number	%
Below \$4,000	123 869	6.7	163 423	8.0	205 515	9.2
\$4,000 - \$39,999	1 452 981	78.3	1 513 195	73.7	1 642 558	73.8
≥\$40,000	278 703	15.0	376 794	18.3	378 473	17.0
Total	1 855 553	100.0	2 053 412	100.0	2 226 546	100.0

Data sources : Population Censuses/ By-censuses.

Household income	Below \$4,000	At \$40,000 or above
Major reason(s) for the increase in number of households at the lowest and highest segments between 1996 and 2006	<ul style="list-style-type: none"> Increasing number of older-person households (all members aged 65 and above) Increasing number of 1-person and 2-person households 	<ul style="list-style-type: none"> Growth of two-earner households Improvement in educational attainment of the population



Household income distribution

Gini Coefficient by Household Size

Household Size	Gini Coefficient			Share (%)		
	1996	2001	2006	1996	2001	2006
1	0.615	0.620	0.614	14.9	15.7	16.5
2	0.547	0.550	0.559	19.2	21.8	24.1
<i>Subtotal (1-2)</i>	-	-	-	34.2	37.5	40.6
3	0.487	0.452	0.470	20.1	21.3	23.2
4	0.457	0.457	0.455	24.0	23.4	22.7
5+	0.482	0.512	0.514	21.7	17.8	13.5
<i>Subtotal (3+)</i>	-	-	-	65.8	62.5	59.4
Overall	0.518	0.525	0.533	100.0	100.0	100.0

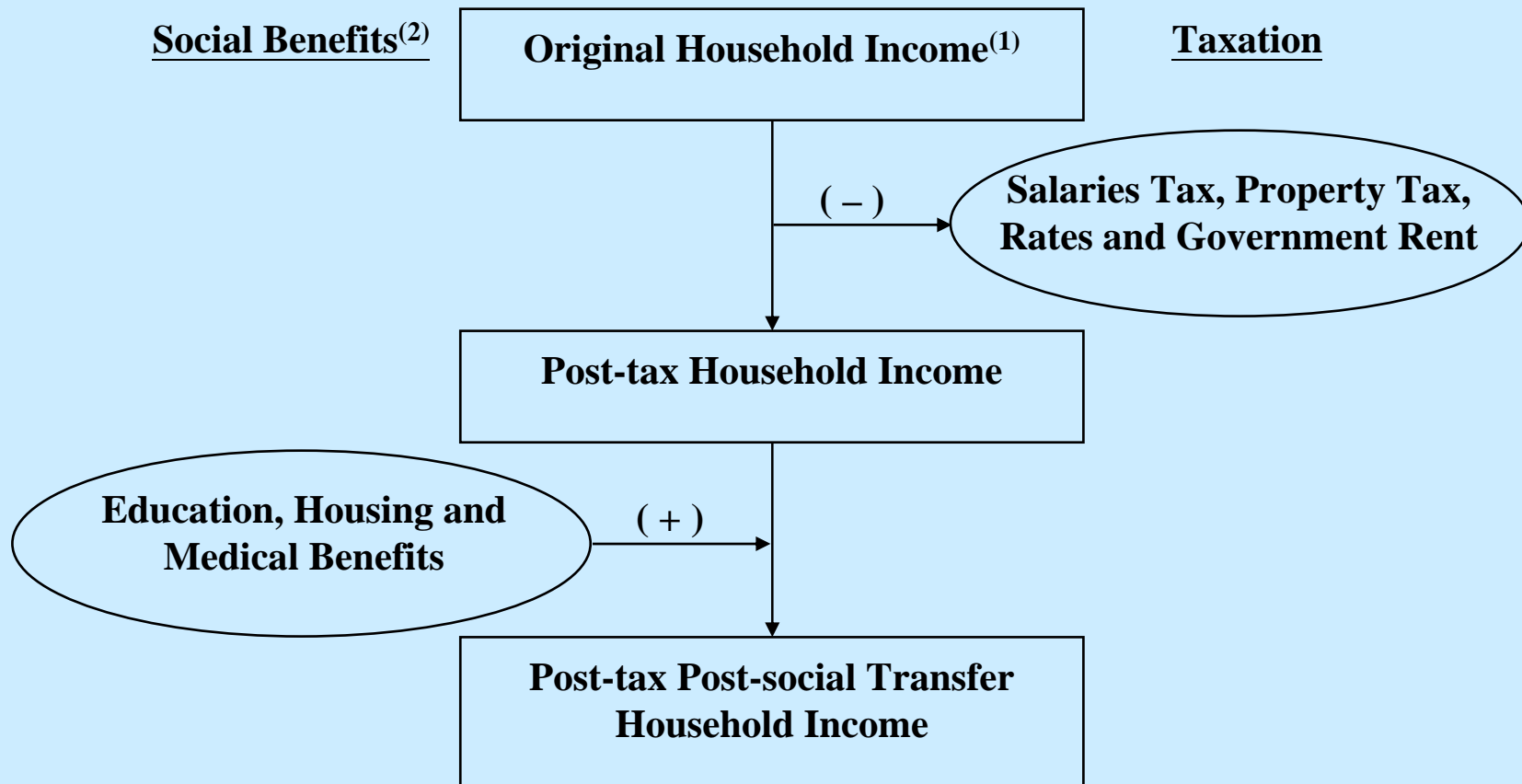


Redistributive effects of government intervention on Household Income

- Income redistribution through taxation and social benefits
- Post-tax household income – income after taking away tax payments (salaries tax, property tax, rates and Government rent)
- Post-tax post-social transfer household income – adding the public funded social benefits (in kind) allocated to the post-tax household income



Redistributive effects of government intervention on Household Income



Notes : (1) Referring to monthly domestic household income which includes income from work, income from investment (e.g. rental income, dividend and interest), and cash transfer.

(2) Covering such in-kind social benefits as education, housing and medical benefits.




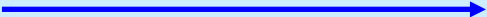


Redistributive effects of government intervention on Household Income

	1996	2001 HK\$	2006
Average Original Monthly Household Income	27,719	29,460	27,761
Average Post-tax Monthly Household Income	25,801	27,714	25,944
Average Post-tax Post-social Transfer Monthly Household Income	28,630	31,007	29,044

} 3.3%
} 4.6%



Redistributive Effects of Government Intervention on Household Income

	Gini Coefficient		
	1996	2001	2006
Original household income	0.518	0.525	0.533
			+0.015
Post-tax household income	0.508	0.515	0.521
			+0.013
Post-tax post-social transfer household income	0.466	0.470	0.475
			+0.009
Post-tax post-social transfer per capita household income	0.427	0.421	0.427
			+0.000



The role of Census data in analyzing income distribution

- Study of income distribution demands
 - Appropriate framework & compilation methodology
 - Data availability
- Census data
 - A wealth of information on demographic and socio-economic characteristics
 - Supporting extensive analyses of the community and detailed studies on sub-groups



