

**LegCo FA Panel meeting**  
**4 December 2000**

**Request by the Hon Lau Chin-shek**

1. Attached are cross-economies comparison tables on the unemployment rates, changes in average monthly earnings (in local currency, US dollar and in real terms), inflation rates and changes in exchange rates in selected East Asian economies.
2. The following observations are noted:
  - (a) Reflecting general economic recovery in the region, the unemployment rate in Hong Kong, after having peaked in March-May 1999, has been on the decline thereafter (Table 1). The unemployment rates in the other East Asian economies showed largely similar trends, with the exception of only Japan where the unemployment rate stayed at historical high.
  - (b) In US dollar terms, average monthly earnings in South Korea, Japan, Taiwan and Malaysia all showed large increases in both 1999 and 2000 (Table 2). Much of these increases reflected partly the regain in currency strength and partly the completion of the disinflation process in these economies (Tables 3 and 4). By contrast, average monthly earnings in Hong Kong began to decline in US dollar terms in the second quarter of 1999 until the first quarter of 2000, before registering a slight increase in the second quarter of the year. During this period, the Hong Kong dollar remained stable against the US dollar. Meanwhile, the economy is still undergoing internal cost-price adjustment.
  - (c) In local currency terms, average monthly earnings apparently tend to show more notable increases in economies where the disinflation process has been largely completed (Table 5). Indeed, after discounting changes in prices, the rate of increase in average monthly earnings in real terms in Hong Kong was largely comparable to those in Singapore, South Korea and Malaysia (Table 6).

3. Additional information on the changes in fees and taxes in Singapore for both 2000 and 2001:

(a) Income tax

Corporate tax rate will be decreased by 0.5 percentage point, from 26% to 25.5% w.e.f. FY2001 (but the 10% rebate has been abolished in FY2000).

Personal tax rebate has been reduced from 10% to 5% in FY2000. It will be abolished in FY2001.

(b) Other taxes and duties

The 55% property tax rebate for commercial and industrial properties will continue for 12 more months until June 2001.

Excise duty on cigarettes has been raised from S\$130 to S\$150 per kg from February 2000.

The 0.5% stamp duty on contract notes on share transactions has been abolished w.e.f. 30 June 2000.

(c) Water tariffs

Domestic water tariffs (including conservation tax) has been raised by 14.3% - 23.3% per cubic meter from July 2000. Non-domestic water tariffs remained unchanged at S\$1.52 per cubic metre.

(d) Transport fares

Feeder bus fares have been increased by 10 cents and 5 cents for adults and children respectively from June 2000.

MTR fares for adults have been raised by between 5 – 15 cents from June 2000.

LRT fares have been raised by 10 cents for all distances from December 2000.

**Table 1 : Unemployment rates of selected East Asian economies**  
(%)

		<u>China*</u>	<u>Japan<sup>+</sup></u>	<u>Hong Kong<sup>+</sup></u>	<u>Singapore<sup>+</sup></u>	<u>South Korea<sup>+</sup></u>	<u>Taiwan<sup>+</sup></u>	<u>Malaysia</u>	<u>Thailand</u>
1991		2.3	2.1	1.8	1.8	2.3	N.A.	N.A.	2.1
1992		2.3	2.2	2.0	2.0	2.4	N.A.	N.A.	2.8
1993		2.6	2.5	2.0	1.9	2.8	N.A.	N.A.	2.6
1994		2.8	2.9	1.9	2.0	2.4	1.6	N.A.	2.6
1995		2.9	3.1	3.2	2.0	2.0	1.8	N.A.	1.7
1996		3.0	3.4	2.8	2.0	2.0	2.6	N.A.	1.5
1997		3.1	3.4	2.2	1.8	2.5	2.7	N.A.	1.9
1998		3.1	4.1	4.7	3.2	6.8	2.7	3.2	4.4
1999		3.1	4.7	6.3	3.5	6.3	2.9	3.4	4.2
1998	Q1	N.A.	3.7	3.5	2.3	5.1	2.5	2.9	4.6
	Q2	N.A.	4.1	4.5	2.4	6.9	2.6	3.3	5.0
	Q3	N.A.	4.2	5.0	4.0	7.5	2.7	3.3	3.4
	Q4	N.A.	4.4	5.7	4.3	7.6	2.9	3.4	4.5
1999	Q1	N.A.	4.6	6.2	4.0	7.8	2.9	4.5	5.2
	Q2	N.A.	4.7	6.1	3.6	6.6	3.0	3.3	5.3
	Q3	N.A.	4.7	6.1	3.5	5.8	2.9	2.9	3.0
	Q4	N.A.	4.6	6.0	2.9	4.8	3.0	3.0	3.3
2000	Q1	N.A.	4.8	5.6	3.4	4.4	2.9	3.0	4.3
	Q2	N.A.	4.7	5.0	3.5	3.9	3.0	3.3	4.1
	Q3	N.A.	4.7	4.8	2.5	3.9	2.9	N.A.	2.4

Note : (\*) Registered urban unemployment rate.  
(+) Quarterly figures are seasonally adjusted.

Sources : CEIC  
Census and Statistics Department.

**Table 2 : Average monthly earnings of selected East Asian economies**  
(Year-on-year % change in US\$ terms)

	(1)	(2a)	(2b)	(3)						
	<u>China</u>	<u>Japan</u>	<u>Japan</u>	<u>Hong Kong</u>	<u>Singapore</u>	<u>South Korea</u>	<u>Taiwan</u>	<u>Malaysia</u>	<u>Thailand</u>	
1991	-1.8	13.0	11.9	15.1	N.A.	13.4	N.A.	N.A.	N.A.	
1992	11.8	8.4	8.4	14.3	N.A.	8.2	N.A.	N.A.	N.A.	
1993	19.0	14.3	14.3	13.2	N.A.	9.1	2.9	N.A.	N.A.	
1994	-10.0	10.5	11.0	12.4	N.A.	12.6	5.8	5.4	N.A.	
1995	25.1	9.9	10.8	11.9	N.A.	15.8	4.9	13.9	N.A.	
1996	13.4	-12.8	-12.7	10.4	N.A.	7.3	-0.1	10.0	7.7	
1997	4.5	-8.7	-8.3	10.0	0.3	-9.5	0.5	-2.7	-15.3	
1998	15.7	-8.7	-8.7	3.9	-2.0	-33.8	-11.6	-26.4	-7.4	
1999	11.6	11.0	9.7	-0.4	1.3	27.5	6.9	9.3	N.A.	
1998	Q1	N.A.	-5.6	-5.6	5.1	-2.6	-45.7	-12.4	-34.1	N.A.
	Q2	N.A.	-12.3	-12.4	4.5	-4.3	-36.8	-15.7	-32.3	N.A.
	Q3	N.A.	-17.4	-17.4	3.2	-7.5	-37.8	-16.0	-30.4	N.A.
	Q4	N.A.	2.7	2.8	3.1	6.4	-10.9	-2.7	-8.5	N.A.
1999	Q1	N.A.	5.9	4.5	1.8	-1.8	41.7	0.9	9.1	N.A.
	Q2	N.A.	8.1	6.5	-1.4	-3.0	29.6	6.5	4.2	N.A.
	Q3	N.A.	19.8	18.9	-1.6	5.9	28.3	13.0	13.1	N.A.
	Q4	N.A.	10.4	9.1	-1.0	4.0	26.5	8.6	10.3	N.A.
2000	Q1	N.A.	9.6	9.7	-0.4	8.5	15.9	10.8	8.0	N.A.
	Q2	N.A.	14.5	14.7	1.6	6.6	15.9	9.1	7.9	N.A.
	Q3	N.A.	5.5	5.4	N.A.	N.A.	16.5	4.7	7.9	N.A.

Notes : (1) Average annual nominal wages.  
(2a) Cash earnings of companies with 5 employees or above.  
(2b) Cash earnings of companies with 30 employees or above.  
(3) Total payroll divided by total employment.  
N.A. Not available.

Sources : CEIC.  
Census and Statistics Department.

**Table 3 : Average exchange rates of selected East Asian currencies against the US dollar**  
(Year-on-year % change)

		<u>Renminbi</u>	<u>Yen</u>	<u>Hong Kong dollar</u>	<u>Singapore dollar</u>	<u>Korean won</u>	<u>New Taiwan dollar</u>	<u>Malaysian ringgit</u>	<u>Thai baht</u>
1991		-10.1	7.7	0.2	4.9	-3.5	N.A.	-1.6	0.3
1992		-3.5	6.2	0.4	6.1	-6.1	N.A.	8.0	0.5
1993		-4.3	14.0	0.1	0.8	-2.7	-4.6	-1.0	0.3
1994		-33.1	8.8	0.1	5.8	-0.1	-0.2	-1.9	0.7
1995		3.2	8.6	-0.1	7.8	4.2	-0.1	4.8	0.9
1996		0.4	-13.6	0.0	0.5	-4.1	-3.5	-0.5	-1.7
1997		0.3	-10.1	-0.1	-5.0	-15.4	-4.3	-10.6	-19.2
1998		0.1	-7.5	-0.0	-11.3	-32.1	-14.2	-28.3	-24.2
1999		0.0	15.1	-0.2	-1.3	17.9	3.7	3.3	9.4
1998	Q1	0.2	-5.6	0.0	-15.3	-45.8	-16.7	-37.8	-45.1
	Q2	0.2	-11.8	-0.0	-12.8	-36.1	-17.5	-34.8	-35.8
	Q3	0.1	-15.7	-0.1	-14.0	-32.2	-17.8	-31.5	-19.5
	Q4	0.0	5.1	-0.1	-2.9	-10.6	-4.7	-8.4	10.0
1999	Q1	0.0	10.0	-0.1	-1.6	34.1	1.2	5.2	27.1
	Q2	0.0	12.4	-0.0	-4.0	17.2	2.9	1.2	8.6
	Q3	0.0	23.6	-0.2	2.3	11.0	7.9	6.8	7.3
	Q4	-0.0	14.3	-0.3	-1.8	9.1	2.9	-0.0	-4.7
2000	Q1	0.0	8.9	-0.4	0.4	6.4	6.1	0.0	-1.4
	Q2	0.0	13.2	-0.5	-0.5	6.6	6.6	0.0	-3.8
	Q3	-0.0	5.1	-0.5	-2.4	7.1	3.1	0.0	-6.5

Sources : Datastream.  
Census and Statistics Department.

**Table 4 : Inflation rates in selected East Asian economies**

		<u>China</u>	<u>Japan</u>	<u>Hong Kong</u>	<u>Singapore</u>	<u>South Korea</u>	<u>Taiwan</u>	<u>Malaysia</u>	<u>Thailand</u>
1991		3.4	3.2	11.1	3.4	9.3	3.6	4.4	5.7
1992		6.4	1.8	9.6	2.3	6.3	4.5	4.7	4.1
1993		14.7	1.2	8.8	2.2	4.8	2.9	3.6	3.3
1994		24.1	0.7	8.8	3.2	6.2	4.1	3.7	5.1
1995		17.1	-0.1	9.1	1.6	4.5	3.7	3.4	5.8
1996		8.3	0.1	6.3	1.4	4.9	3.1	3.5	5.8
1997		2.8	1.7	5.9	2.0	4.5	0.9	2.7	5.6
1998		-0.8	0.7	2.8	-0.3	7.5	1.7	5.3	8.1
1999		-1.4	-0.3	-4.0	0.1	0.8	0.2	2.8	0.3
1998	Q1	0.3	2.0	5.0	1.0	9.0	1.6	4.3	9.0
	Q2	-0.9	0.4	4.4	0.3	8.2	1.7	5.8	10.3
	Q3	-1.4	-0.2	2.8	-0.8	7.0	0.6	5.6	8.2
	Q4	-1.1	0.5	-0.8	-1.5	6.0	2.9	5.4	5.0
1999	Q1	-1.4	-0.1	-1.8	-0.7	0.7	0.7	4.0	2.7
	Q2	-2.2	-0.3	-4.0	-0.2	0.6	-0.1	2.6	-0.4
	Q3	-1.2	0.0	-5.9	0.3	0.7	0.3	2.3	-1.0
	Q4	-0.8	-1.0	-4.1	0.7	1.3	-0.1	2.1	0.1
2000	Q1	0.1	-0.7	-5.1	1.1	1.5	0.9	1.5	0.8
	Q2	0.1	-0.7	-4.5	0.8	1.4	1.4	1.4	1.6
	Q3	0.3	-0.7	-2.8	1.5	3.2	1.1	1.5	2.2

Sources : CEIC.  
Census and Statistics Department.

**Table 5 : Average monthly earnings of selected East Asian economies**  
(Year-on-year % change in local currency terms)

	(1)	(2a)	(2b)							
	<u>China</u>	<u>Japan</u>	<u>Japan</u>	<u>Hong Kong</u>	<u>Singapore</u>	<u>South Korea</u>	<u>Taiwan</u>	<u>Malaysia</u>	<u>Thailand</u>	
1991	9.3	4.9	3.9	14.8	N.A.	17.5	10.3	N.A.	N.A.	
1992	15.9	2.1	2.1	13.8	N.A.	15.2	9.3	N.A.	N.A.	
1993	24.3	0.2	0.2	13.1	N.A.	12.2	7.9	N.A.	N.A.	
1994	34.6	1.6	2.0	12.3	N.A.	12.7	6.0	7.5	N.A.	
1995	21.2	1.2	2.0	12.0	N.A.	11.2	5.1	8.7	N.A.	
1996	12.9	0.9	1.0	10.3	N.A.	11.9	3.5	10.5	9.6	
1997	4.2	1.6	2.0	10.1	5.7	7.0	5.0	8.8	4.9	
1998	15.6	-1.3	-1.3	4.0	10.5	-2.5	3.1	2.7	22.1	
1999	11.6	-3.5	-4.6	-0.3	2.6	8.2	3.1	5.8	N.A.	
1998	Q1	N.A.	-0.1	-0.0	5.1	14.9	0.1	5.1	5.9	N.A.
	Q2	N.A.	-0.5	-0.6	4.6	9.7	-1.2	2.2	3.7	N.A.
	Q3	N.A.	-2.0	-2.0	3.2	7.5	-8.2	2.1	1.7	N.A.
	Q4	N.A.	-2.3	-2.2	3.2	9.6	-0.4	2.1	-0.2	N.A.
1999	Q1	N.A.	-3.7	-5.0	1.9	-0.3	5.6	-0.3	3.7	N.A.
	Q2	N.A.	-3.8	-5.2	-1.4	1.0	10.6	3.5	3.0	N.A.
	Q3	N.A.	-3.1	-3.8	-1.4	3.5	15.6	4.7	5.9	N.A.
	Q4	N.A.	-3.4	-4.5	-0.6	5.9	16.0	5.5	10.3	N.A.
2000	Q1	N.A.	0.6	0.8	0.0	8.1	9.0	4.4	8.0	N.A.
	Q2	N.A.	1.2	1.4	2.1	7.2	8.7	2.4	7.9	N.A.
	Q3	N.A.	0.4	0.3	N.A.	N.A.	8.8	1.6	7.9	N.A.

Notes : (1) Average annual nominal wages.  
(2a) Cash earnings of companies with 5 employees or above.  
(2b) Cash earnings of companies with 30 employees or above.  
(3) Total payroll divided by total employment.  
N.A. Not available.

Sources : CEIC.  
Census and Statistics Department.

**Table 6 : Average monthly earnings of selected East Asian economies**  
(Year-on-year % change in real terms)

	(1)	(2a)	(2b)					(3)		
	<u>China</u>	<u>Japan</u>	<u>Japan</u>	<u>Hong Kong</u>	<u>Singapore</u>	<u>South Korea</u>	<u>Taiwan</u>	<u>Malaysia</u>	<u>Thailand</u>	
1991	5.8	1.7	0.7	3.3	N.A.	7.5	6.4	N.A.	N.A.	
1992	8.9	0.3	0.3	3.9	N.A.	8.4	4.6	N.A.	N.A.	
1993	8.4	-1.0	-1.0	4.0	N.A.	7.1	4.8	N.A.	N.A.	
1994	8.5	0.9	1.3	3.2	N.A.	6.1	1.9	3.7	N.A.	
1995	3.5	1.3	2.1	2.7	N.A.	6.4	1.4	5.1	N.A.	
1996	4.3	0.8	0.9	3.8	N.A.	6.7	0.4	6.8	3.5	
1997	1.3	-0.1	0.3	3.9	3.6	2.4	4.1	6.0	-0.7	
1998	16.5	-2.0	-2.0	1.1	10.8	-9.3	1.4	-2.4	13.0	
1999	13.2	-3.2	-4.3	3.9	2.5	7.3	2.9	2.9	N.A.	
1998	Q1	N.A.	-2.0	-2.0	0.1	13.8	-8.2	3.5	1.5	N.A.
	Q2	N.A.	-0.9	-1.0	0.1	9.4	-8.6	0.5	-1.9	N.A.
	Q3	N.A.	-1.8	-1.8	0.4	8.4	-14.2	1.6	-3.7	N.A.
	Q4	N.A.	-2.8	-2.7	4.0	11.4	-6.0	-0.8	-5.3	N.A.
1999	Q1	N.A.	-3.6	-4.9	3.8	0.4	4.9	-1.0	-0.3	N.A.
	Q2	N.A.	-3.5	-5.0	2.7	1.2	9.9	3.7	0.4	N.A.
	Q3	N.A.	-3.1	-3.8	4.8	3.2	14.8	4.4	3.5	N.A.
	Q4	N.A.	-2.5	-3.6	3.6	5.2	14.5	5.6	8.1	N.A.
2000	Q1	N.A.	1.3	1.5	5.4	6.9	7.3	3.5	6.4	N.A.
	Q2	N.A.	1.9	2.1	6.9	6.3	7.2	1.0	6.4	N.A.
	Q3	N.A.	1.1	1.0	N.A.	N.A.	5.4	0.5	6.3	N.A.

Notes : (1) Average annual nominal wages.  
(2a) Cash earnings of companies with 5 employees or above.  
(2b) Cash earnings of companies with 30 employees or above.  
(3) Total payroll divided by total employment.  
N.A. Not available.

Sources : CEIC.  
Census and Statistics Department.

**LegCo FA Panel meeting**  
**4 December 2000**

**Comment by the Hon Chan Yuen-han**

1. At the LegCo Panel on Financial Affairs held on 4 December, the Hon Chan Yuen-han noted that more than “600 000” employed persons were having monthly earnings less than “HK\$4,000”.
2. According to the monthly employment earnings statistics for the second quarter of 2000 published by C&SD in the Quarterly report on General Household Survey, the number of employed persons having monthly earnings less than HK\$4,000 should be 276,300, and not 600,000 or more.
3. Of the 276,300 employed persons with monthly earnings less than \$4,000 in the second quarter of 2000, 205,000 were foreign domestic helpers (Table 1). As for the remaining 71,200, about half were employed persons working less than 35 hours per week voluntarily (i.e. on holiday, sick leave, part-time workers busy with housework or with school etc).
4. Indeed, the number of employed persons with monthly earnings less than \$4,000, after discounting the foreign domestic helpers, has been on the decline in recent quarters.

**Table 1: Employed persons with monthly earnings less than \$4,000**

	1997	1998	1999	2000		
	<u>Q4</u>	<u>Q4</u>	<u>Q4</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>
Number of persons {'000}	235.0 (--)	261.9 ( 11.4)	289.8 ( 10.7)	286.8 [ -1.0]	276.3 [ -3.7]	278.1 [ 0.7]
Of which						
FDH {'000}	171.0 (--)	180.6 ( 5.6)	193.7 ( 7.3)	199.8 [ 3.1]	205.0 [ 2.6]	213.1 [ 4.0]
Excluding FDH {'000}	64.0 (--)	81.3 (27.0)	96.1 (18.2)	87.0 [ -9.5]	71.2 [-18.0]	65.0 [ -8.8]

Notes: ( ) % change over a year earlier.

[ ] % change over the previous quarter.

FDH Foreign domestic helpers.

5. Extending the above comparison to the number of employed persons with monthly earnings not more than \$6,000 (i.e. the median monthly employment earnings of households in the lowest 20% of the overall household income distribution), the following observations are noted (Table 2). In the second quarter of 2000, the number of such employed persons, after discounting the foreign domestic helpers and the voluntary part-timers, should be around 376 000.

**Table 2: Employed persons with monthly earnings not more than \$6,000**

	1997 <u>Q4</u> {'000}	1998 <u>Q4</u> {'000}	1999 <u>Q4</u> {'000}	<u>Q1</u>	2000 <u>Q2</u>	<u>Q3</u>
Number of persons {'000}	564.0 (--)	598.8 ( 6.2)	645.4 ( 7.8)	627.4 [ -2.8]	655.4 [ 45.0]	654.8 [ -0.1]
Of which FDH {'000}	171.0 (--)	180.6 ( 5.6)	193.7 ( 7.3)	199.8 [ 3.1]	205.0 [ 2.6]	213.1 [ 4.0]
Excluding FDH {'000}	393.0 (--)	418.2 ( 6.4)	451.7 ( 8.0)	427.6 [ -5.3]	450.4 [ 5.3]	441.7 [ -1.9]

Notes: ( ) % change over a year earlier.

[ ] % change over the previous quarter.

FDH Foreign domestic helpers.