

香港特別行政區政府
財政司司長辦公室
經濟分析及方便營商處



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21 September 2006

Clerk to the Panel on Financial Affairs
Legislative Council
Hong Kong
(Attn : Ms Rosalind MA)

**Panel on Financial Affairs
Follow-up to the meeting on 5 June 2006**

Information about high-income households

Dear Ms Ma,

I refer to your letter of 24 July on the captioned subject, inviting the Administration to take actions in response to the Hon Emily Lau's enquiry. Enclosed is our written reply to items (a), (b) and (c) respectively as given in your letter (in both Chinese and English) for your further action, please.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'K C Kwok'.

(K C Kwok)
Government Economist

Encl.

c.c. Ms Vivian Sum, AA/FS
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(a) Information on household income, together with that on labour force, employment, unemployment and underemployment, is collected from the General Household Survey (GHS) conducted by the Census and Statistics Department (C&SD). In the survey, each member of the enumerated households is asked to report his / her income from employment, rental income, dividend and interest and other income (e.g. regular or monthly pensions, Comprehensive Social Security Assistance allowance, old age allowance, etc.). Such income data are recorded to the nearest dollars as far as possible and a prompt card (with 56 income categories and the highest one being \$1,000,000 and above) has to be used when respondents show reluctance to provide the figures. In practice, the prompt card is used only occasionally (less than 1% of the total households surveyed), and respondents generally are quite willing to provide at least some rounded figures (to the nearest thousand or hundred dollars) which are sufficient for statistical purposes. The total income thus received by all members of a household is the monthly household income.

As GHS is a sample survey covering only around 1% of all the households in each quarter, those households with the highest income (say with monthly household income of \$200,000 and above) may not be sampled adequately in any particular quarter. Thus in a strict sense, the GHS cannot cater for the collection of information about households with the highest income. This notwithstanding, median household income by deciles / quintiles can be compiled from GHS to facilitate social research. The income data may also be categorized

into other groupings to suit the needs of various data users, provided that there is sufficiently large number of enumerated households in each group for the purpose of compiling reliable statistics.

- (b) In the Consultation Document on “Broadening the Tax Base, Ensuring our Future Prosperity: What’s the Best Option for Hong Kong?”, the “high-income households”, i.e. the highest 20% income group, are compiled based on the Household Expenditure Survey (HES) conducted by C&SD, rather than on the General Household Survey. Owing to the differences in survey methodology, data concepts and reference periods, the income data collected in these two surveys are not strictly comparable. In assessing the amount of Goods and Services Tax to be borne by various households, data on the expenditure patterns of households with different characteristics (e.g. household sizes, income) are needed. Such kinds of data are available only in the former but not the latter survey, so data from HES are used in the relevant assessment. But HES is not suitable for the purpose of closely monitoring and analyzing household income movements, since it is conducted once every five years. The last round of survey covered the period from October 2004 to September 2005.
- (c) The household income statistics released in Hong Kong are broadly comparable to those in the UK and the USA. For Hong Kong, the statistics on number of households with income equal to \$100,000 and above, which account for the top 2% of all the local households (or

the top 52,000 households), are currently available to the general public. This also applies to statistics on median income of the households with top 10% income. For comparison, the UK releases statistics on average income of households with top 10% income, while the USA releases statistics of the top 1.7 million households (or 1.5%).

At present, the income grouping shown in C&SD's Quarterly Report on the General Household Survey, each constituting around 5 - 10% of the total, is meant to divide the households into groups of not too different sizes. The highest household income group therein is that of \$50,000 and above. C&SD is considering to provide further breakdowns of such households into more refined income groupings ranging from \$50,000 - 59,999 up to \$100,000 and above, starting from the next issue of the report in November this year.