

**LegCo Panel on Financial Affairs
Meeting on 3 December 2007**

Follow-up actions

- 1. The Government Economist was requested to:**
- (a) provide detailed information and statistics on the increase in earnings in real terms for the manufacturing sector, preferably with a breakdown on the industries involved;**
 - (b) consider providing statistics and breakdown on households with monthly household income below 50% of the median monthly household income; and**
 - (c) consider providing statistics on the unemployment profile and unemployment rate of remote districts and new towns.**

- (a) Table 1 depicts movements in **real** labour earnings for the manufacturing sector in recent years, based on the payroll statistics published in the “Quarterly Report of Wage and Payroll Statistics” by the Census and Statistics Department. Relevant figures for the major industry groups under this broad sector are also included for Members’ reference.

The latest figures show that in overall terms, manufacturing workers have enjoyed higher earnings over the past two years, even after adjusting for inflation. On the other hand, significant variations exist across different manufacturing industries, most likely a reflection of the differences in manpower demand and supply conditions.

For more details, please refer to Table 13 of the “Quarterly Report of Wage and Payroll Statistics”.

- (b) Table 2 presents the relevant number of households with monthly household income below 50% of the median monthly household income by type and their respective shares in all domestic households for selected reference periods.

It should be noted that by definition, 50% of all households must have a household income below the median level. Furthermore, changes in the number of households having a household income below 50% of the median reflect the changes in the shape of the household income distribution amongst households at the lower half of this distribution. In other words, the apparent absence of any improving trend in the overall number of low-income households under this definition is largely due to the general increase in household income, which has gradually lifted the benchmark for delineating low-income households. As an illustration, the overall median monthly household income in Q3 2007, at \$17,500, was 13% higher than that in Q3 2004.

- (c) The Census and Statistics Department is now exploring the feasibility of compiling statistics on the unemployment profile and unemployment rate of remote districts and new towns. If feasible, these statistics will be released beginning from the reference year of 2007.

Table 1 : Real Labour Earnings in the Manufacturing Sector

(Index Q1 1999 = 100)

	<u>Q3 2003</u>	<u>Q3 2004</u>	<u>Q3 2005</u>	<u>Q3 2006</u>	<u>Q3 2007</u>
All manufacturing industries	97.4	94.9	94.4	94.8	97.0
	(0.0)	(-2.5)	(-0.5)	(0.4)	(2.2)
<i>of which :</i>					
Food manufacturing	102.5	97.3	80.9	83.6	84.1
	(9.5)	(-5.1)	(-16.9)	(3.4)	(0.5)
Wearing apparel except footwear	99.1	94.3	104.2	107.9	110.7
	(0.5)	(-4.9)	(10.6)	(3.5)	(2.7)
Textiles	79.0	76.5	80.1	74.7	70.7
	(-0.9)	(-3.2)	(4.8)	(-6.7)	(-5.4)
Printing, publishing and allied industries	97.6	95.8	97.4	96.6	91.9
	(-2.6)	(-1.8)	(1.7)	(-0.8)	(-4.9)
Transport equipment	93.2	94.7	104.6	103.8	103.7
	(-0.6)	(1.6)	(10.4)	(-0.7)	(-0.1)

Notes: (1) Real labour earnings are derived by deflating the nominal payroll per person engaged, as enumerated from the Labour Earnings Survey (LES), by the 2004/05 based Composite Consumer Price Index.

(2) Figures in parentheses denote year-on-year percentage change in the respective payroll index.

Table 2 : Number and share of households with monthly household income below 50% of the median household income*

	<u>Elderly households</u>	<u>Economically inactive households</u>	<u>Economically active households</u>	<u>Total</u>
Q3 2004	117 600 (5.4%)	76 200 (3.5%)	221 300 (10.2%)	415 100 (19.1%)
Q3 2005	128 700 (5.9%)	84 500 (3.9%)	206 100 (9.4%)	419 300 (19.1%)
Q3 2006	136 500 (6.1%)	91 200 (4.1%)	215 600 (9.7%)	443 300 (19.9%)
Q3 2007	135 900 (6.1%)	86 400 (3.9%)	215 700 (9.6%)	438 000 (19.5%)

Notes : () Share in all domestic households.

(*) Households with monthly household income below 50% of the median for households of the same size. Foreign domestic helpers and their incomes are excluded in the compilation.

Elderly household: all household members being aged 60 and over.

Economically inactive household: non-elderly households with all household members being economically inactive.

Economically active household: non-elderly households with at least one of the household members being economically active.