

Legislative Council Panel on Welfare Services

Subcommittee on Poverty Alleviation

**Change in income level and living costs of
the lowest and highest income groups in 1998 – 2008**

Purpose

In response to the request of the Legislative Council Subcommittee on Poverty Alleviation at its meeting held on 30 November 2009, this note sets out the changes in median monthly household income and living costs of the lowest and highest decile groups during the period from 1998 to 2008 based on the findings of the General Household Survey.

Median monthly household income of the lowest and highest decile groups

The lowest (first) decile group

2. The median monthly household income of the lowest decile group increased by about 7% from \$3,000 in 1998 to \$3,200 in 2008 (at current prices). Adjusted by the Consumer Price Index (A) (CPI(A))¹, the real median monthly household income (at constant 2008 prices) of the lowest decile group increased by about 14% from \$2,800 in 1998 to \$3,200 in 2008.

3. The year-on-year changes in the median monthly household income for the lowest decile group between 1998 and 2008 are at **Annex I**. Over the period, a significant year-on-year increase (about 14%) in the median monthly household income was observed in 2001. Year-on-year changes in the median monthly household income between 2003 and 2005 were relatively stable.

¹ It is considered that the CPI(A) and CPI(C), compiled by making reference to the expenditure patterns of households in the relatively low and relatively high expenditure range collected in the Household Expenditure Survey respectively, can best represent the price changes faced by households in the lowest and highest decile groups respectively. This is because households with relatively low income will most likely have relatively low expenditure whereas households with relatively high income will most likely have relatively high expenditure.

The highest (tenth) decile group

4. The median monthly household income of the highest decile group increased by 10% from \$70,000 in 1998 to \$77,000 in 2008 (at current prices). Adjusted by CPI(C), the real median monthly household income (at constant 2008 prices) of the highest decile group increased by about 17% from \$65,800 in 1998 to \$77,000 in 2008.

5. The year-on-year changes in the median monthly household income for the highest decile group between 1998 and 2008 are also at Annex I. Over the period, the year-on-year changes in the median monthly household income were less stable, with larger fluctuation in 2001, 2002, 2004, 2005 and 2007.

Living cost

6. The year-on-year changes of CPI(A) and CPI(C) during the period from 1999 to 2008 are at Annex II. In general, deflation occurred in Hong Kong between 1999 and 2004 and inflation between 2005 and 2008.

Comparison of socio-economic characteristics between the lowest and highest decile groups

7. The socio-economic characteristics of the lowest and highest decile groups are at Annex III. As compared to the highest decile group, the household size of the lowest decile group was relatively smaller, with more members being older persons (aged 65 and over). In 2008, the average household size for the lowest decile group was 1.5, smaller than that of 3.2 for the highest decile group. The average number of older persons for households in the lowest decile group was 0.8 person per household, much higher than that of 0.2 for households in the highest decile group.

8. In addition, there were relatively less employed persons in the lowest decile group. They were also less likely to work in high-skilled occupations. In 2008, the average number of employed persons for the lowest decile group was only 0.1 person per household, much lower than that of 1.9 for the highest decile group. Households in the lowest decile group had an average of less than 0.05 higher-skilled employed members, which was smaller than that of 1.6 for households in the highest decile group.

9. In terms of educational attainment, it was observed that persons in the lowest decile group were relatively less educated. The average number of persons with post-secondary educational attainment² in the lowest decile group was 0.2 person per household, as against 1.7 persons in the highest decile group.

Census and Statistics Department
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² Including post-secondary non-degree and post-secondary degree levels.

**Median Monthly Household Income* of the
Lowest and Highest Decile Groups in 1998 – 2008**

At current prices

Year	Lowest (first) decile group		Highest (tenth) decile group	
	Median (HK\$)	Year-on-year change (%)	Median (HK\$)	Year-on-year change (%)
1998	3,000	-	70,000	-
1999	2,800	-6.7	70,000	0.0
2000	2,800	0.4	70,000	0.0
2001	3,200	13.9	73,000	4.3
2002	3,000	-5.8	70,000	-4.1
2003	3,000	-0.5	70,000	0.0
2004	3,000	0.0	68,000	-2.9
2005	3,000	0.0	70,000	2.9
2006	3,100	3.3	70,000	0.0
2007	3,100	0.8	75,000	7.1
2008	3,200	1.5	77,000	2.7

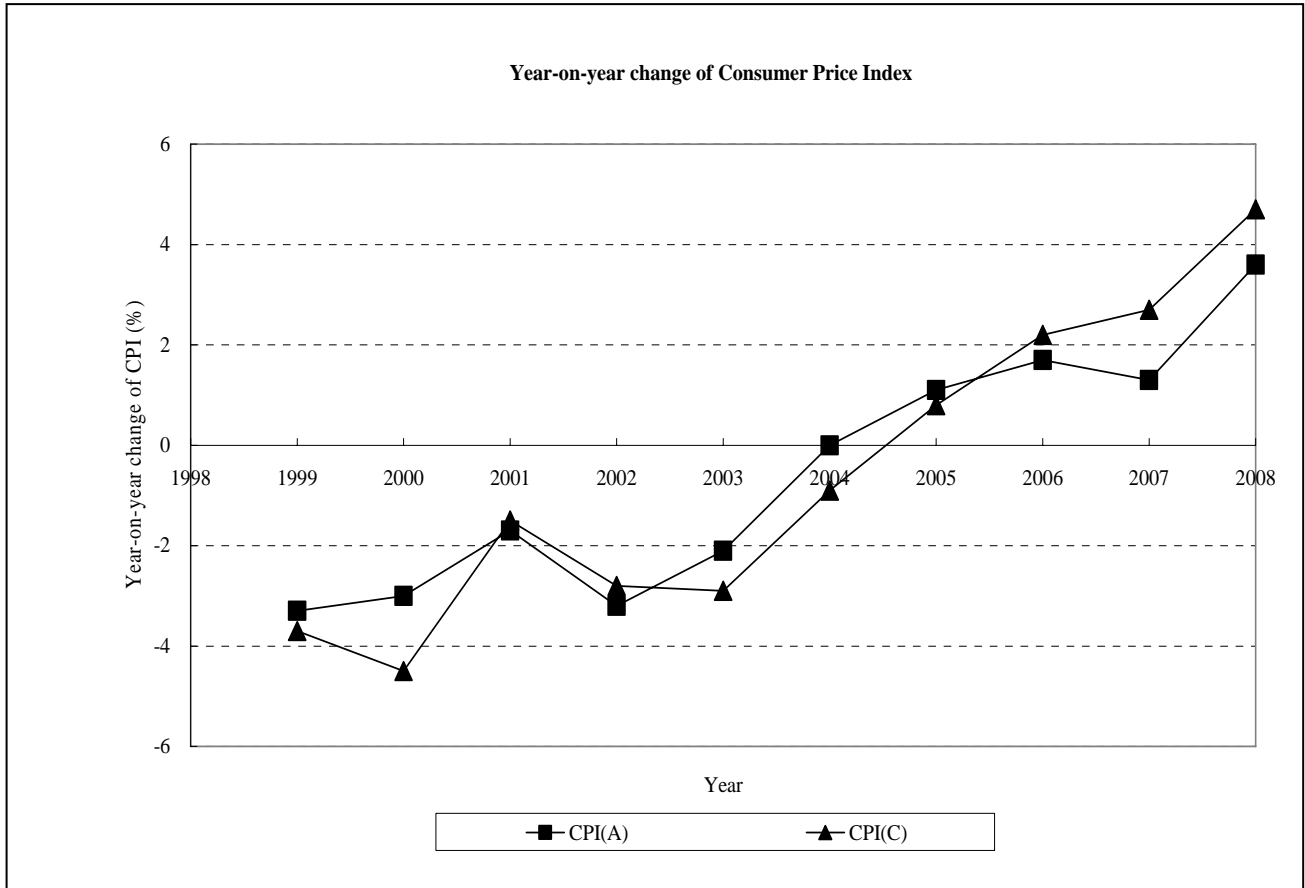
In real terms at 2008 prices level

Year	Lowest (first) decile group		Highest (tenth) decile group	
	Median (HK\$)	Year-on-year change (%)	Median (HK\$)	Year-on-year change (%)
1998	2,800	-	65,800	-
1999	2,700	-3.5	68,300	3.9
2000	2,800	3.4	71,400	4.5
2001	3,300	15.8	75,700	6.0
2002	3,200	-2.6	74,700	-1.3
2003	3,200	1.6	76,900	3.0
2004	3,200	0.0	75,200	-2.2
2005	3,200	-1.0	76,900	2.2
2006	3,300	1.5	75,200	-2.2
2007	3,200	-0.5	78,500	4.4
2008	3,200	-2.0	77,000	-1.9

* Excluding earnings from foreign domestic helpers

Source: General Household Survey

Year-on-year Changes of Price Index in 1999 – 2008



**Socio-economic characteristics of the Lowest and Highest Decile Groups
in 1998 – 2008**

Lowest (first) decile group

Year	Average household size	Average number of older persons (aged 65 and over) per household	Average number of employed persons per household	Average number of higher-skilled employed persons per household	Average number of persons with post-secondary educational attainment per household
1998	1.7	0.8	0.2	<0.05	0.1
1999	1.7	0.8	0.2	<0.05	0.2
2000	1.6	0.8	0.1	<0.05	0.2
2001	1.7	0.8	0.2	<0.05	0.1
2002	1.7	0.8	0.2	<0.05	0.1
2003	1.7	0.8	0.2	<0.05	0.1
2004	1.6	0.8	0.2	<0.05	0.1
2005	1.6	0.8	0.1	<0.05	0.1
2006	1.5	0.8	0.1	<0.05	0.1
2007	1.5	0.8	0.1	<0.05	0.1
2008	1.5	0.8	0.1	<0.05	0.2

Highest (tenth) decile group

Year	Average household size	Average number of older persons (aged 65 and over) per household	Average number of employed persons per household	Average number of higher-skilled employed persons per household	Average number of persons with post-secondary educational attainment per household
1998	3.5	0.2	2.2	1.5	1.5
1999	3.4	0.2	2.1	1.5	1.4
2000	3.4	0.2	2.1	1.6	1.5
2001	3.3	0.2	2.0	1.6	1.6
2002	3.3	0.2	2.0	1.6	1.6
2003	3.2	0.2	1.9	1.6	1.6
2004	3.2	0.2	1.9	1.6	1.6
2005	3.2	0.2	1.9	1.6	1.6
2006	3.2	0.2	1.9	1.6	1.6
2007	3.2	0.2	2.0	1.7	1.7
2008	3.2	0.2	1.9	1.6	1.7