



## Developments in Income Disparity Measures in Hong Kong

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Income disparity is a rather complex and intricate topic that requires careful interpretation. To study income disparity and facilitate public discussion, it is important to develop objective and comprehensive measures. Ideally, such metrics should be in line with the socioeconomic characteristics specific to the local context, and at the same time consistent with international practices to facilitate comparison. As the Gini Coefficient is a statistic that is relatively simple to interpret among the various income disparity measures and commonly used by other economies, it is adopted in our study. However, in order to cater for the social, demographic and economic characteristics of Hong Kong, one Gini Coefficient based on original household income is not sufficient for comprehensive analysis. Thus, a framework is developed under which Gini Coefficients are calculated using different definitions of household income. As Government's taxation and welfare policies often have an overall impact on income redistribution, the compilation of Gini Coefficient based on household income taking into account the effects of taxation and social benefits should provide a more meaningful measure of the overall situation of income disparity. Statistics for income disparity analysis in Hong Kong are sourced from population census / by-census, which collects a number of demographic and socio-economic characteristics of the population such as age, household size, household composition and employment condition in addition to income. Thus, focused analyses can be conducted to better understand income disparity by various demographic factors. In this paper, the analytical framework of measuring the income disparity in Hong Kong and selected statistics will be introduced.

**Keywords:** Income disparity; income distribution; Gini coefficient.