

*\*Teacher's version P.78-82 (2.3: The Gini Coefficient - Activity 3)*

### Assignment 1

**Answer the questions by referring to the following report:**

Some legislators asked the Head of Census and Statistics Department for the Gini Coefficient / ratio when they discussed the findings of the 2006 by-census. But Mr. FUNG Hing-wang, the department head, claimed that ordinary Gini Coefficient might not reflect the real gap between the rich and the poor, but agreed to determine the ordinary Gini Coefficient and modified Gini Coefficient for the legislators in mid 2007.

Some legislators in other occasion urged the Hong Kong SAR Government to raise the Old Age Allowance from HK\$900 to HK\$1,000 in order to help the poor elderly.

Sources:

Ming Pao 13 April 2007 and RTHK news 10 December 2007

- a. Why did the legislators ask for the Gini Coefficient, but not the Lorenz Curve?

---

- b. Mr. Fung claimed that (ordinary) Gini Coefficient might not reflect the real gap between the rich and the poor, do you agree with him? Justify your answer.

---

---

---

---

- c. How would the income inequality and Gini Coefficient (based on post-tax post-social transfer monthly household income) change if the HKSAR Government increases the Old Age Allowance as proposed by some legislators?

---

---

---

**Challenging Questions (For more able students)**

- d. What factors would Mr. Fung consider to prepare the modified Gini Coefficient? Explain your answers.

---

---

---

---

---

- e. Given that the Gini Coefficient of Hong Kong in 2001 was 0.525, some legislators expected the ordinary Gini Coefficient in 2006 to change. What did they expect? Suggest two possible reasons behind their expectation by referring to some economic events happened in Hong Kong between 2001 and 2006.

---

---

---

---

---