

Income inequality in Singapore at lowest in almost two decades: SingStat

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SINGAPORE: Household income inequality here last year was at its lowest in almost two decades as median household income grew to S\$9,425, according to figures released on Thursday (Feb 20) by the Singapore Department of Statistics (SingStat).

SingStat's annual Key Household Income Trends report for 2019 showed the Gini coefficient, based on household income from work per household member, stood at 0.452 last year, compared to 0.458 in 2018.

The Gini coefficient measures income inequality on a scale of zero to one, with zero representing total income equality and one representing total inequality.

Singapore's Gini coefficient was 0.442 in 2000 and 0.454 in 2001. It last peaked in 2007 at 0.482.

After adjusting for government transfers - which includes Workfare and GST credits - the coefficient would fall even further to 0.398, SingStat noted.

This reflects the "redistributive effect of Government transfers", the national statistical office said.

It reported that resident households here, including those with no working members, received an average of S\$4,682 per member from various Government schemes last year.

"Resident households in HDB one- and two-room flats received S\$10,548 per household member on average, which was more than double the transfers received by resident households staying in other dwelling types," SingStat said in a release.

Median household income rose

The SingStat report also said median household income from work among resident employed households - households headed by a Singapore citizen or permanent resident and at least one working member - grew 1 per cent in real terms, from S\$9,293 in 2018 to S\$9,425 last year.

Household income from work refers to the sum of income from employment and business - including employer Central Provident Fund (CPF) contributions - received by all working members of the household.

“Over the last five years, from 2014 to 2019, median monthly household income from work of resident employed households increased by 13 per cent cumulatively, or 2.5 per cent per annum in real terms,” SingStat said.

Taking into account household size, median monthly household income per member rose 4.3 per cent in real terms, from S\$2,792 in 2018 to S\$2,925 last year.

Between 2014 and 2019, the median monthly income per household member grew by 22.2 per cent cumulatively, a 4.1 per cent per annum growth in real terms.

Meanwhile, families across all income groups saw real growth in average household income from each member last year, in line with trends over the last five years.

Households in the first to 90th percentiles registered growth of between 3.5 and 5.6 per cent, while those in the top 10 per cent saw growth of 0.4 per cent.

Between 2014 and 2019, households in the first to 90th percentiles registered growth of between 3.9 and 4.5 per cent per annum.

Those in the top 10 per cent income group saw slower growth of 2.5 per cent per annum.

Institute of Policy Studies senior research fellow Mathew Mathews said the trends were encouraging and likely to continue, noting that the Government has “put quite a bit of attention” to address inequality in recent years.

Monthly incomes for the bottom 20 per cent may have increased as a result of higher earnings resulting from the progressive wage model for selected sectors as well as more training options leading to better work opportunities, he said.

“A reduction of income inequality of course doesn’t mean that life for those at the bottom of the income ladder is no longer a challenge - their household incomes are still relatively low,” he said.

There should be more ways to help this group increase their earnings through better paying jobs, said Dr Mathews.

He added more community and government assistance could be made available to make life more manageable for lower income households should they lose their jobs,

or otherwise have difficulties holding a job for reasons such as illness, disability or caregiving responsibilities.

CIMB economist Song Seng Wun said while a gloomy economic climate may result in slower overall wage growth, some of the measures announced as part of this year's Budget - such as the S\$1.6 billion Care and Support Package - will help those in the lower income groups and ensure income inequality is kept low.

Editor's note: An earlier version of the story said that the Gini coefficient reported by the Singapore Department of Statistics was based on household income from work; that is incorrect. It is based on household income from work per household member.