

Real Income up for Most Working Households

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SINGAPORE: The gap between the rich and poor in Singapore narrowed to its smallest in years, according to an annual report titled "Key Household Income Trends, 2013" by the Department of Statistics.

Last year, real income also went up for all working households, except for those in the top 10 per cent income bracket.

In 2013, Singapore's median monthly household income was S\$7,870. Taking into account inflation, this is a 1.6 per cent increase from the year before.

For per household member, the increase is 3.2 per cent.

However, for the top 10 per cent of earners, the income per household member fell 5.2 per cent.

Among top earners, households with at least one member who was an employer saw the largest drop of 11 per cent in average household income per member.

Households headed by managers also saw a larger decline of 8.7 per cent, compared to those headed by professionals (+1.5 per cent), and associate professionals and technicians (-3.7 per cent).

Nevertheless, over the last five years, real incomes across all brackets still rose.

From 2008 to 2013, the median household saw its monthly income grow 11 per cent in real terms.

Experts say the pervasive real income growth was no surprise, given Singapore's better than expected economic performance in 2013 but Dr Tan Ern Ser, a sociologist at National University of Singapore, said the happy figures do not always reflect perceptions on the ground.

Dr Tan said: "I think the low income do feel they benefited from the government transfers but maybe the same cannot be said for the middle income. It's about expectations. I think the middle-income expect more, and if they're not getting as much as they expected, they may still feel that the figures don't really reflect their true sentiments or feelings about the whole matter."

The report also highlighted the country's narrower income gap in 2013.

Singapore's Gini coefficient, a measure of inequality, fell to its lowest at 0.412 in more than 10 years -- if government transfers and taxes are included.

Without government transfers, the Gini coefficient still fell from 0.478 in 2012 to 0.463 in 2013.

The report said various government schemes gave a boost to resident households living in smaller HDB flats.

Households in HDB 1- and 2-room flats received S\$8,630 per household member on average from the government, higher than the S\$7,210 in 2012.

Annie Koh, associate professor of finance at the Singapore Management University said: "This government transfer element, there's nothing wrong with it. People might think, oh these are all schemes to move towards an election year, but this is what's happening across many (countries in the) developed world.

"If you leave it to market forces, you're going to see widening income gaps, and there're a lot of these trans-generational transfers, and taking from the richer in order to transfer so that you have more inclusive growth."

Looking ahead, while more government schemes may be expected, Dr Tan said Singapore's social safety nets will also remain focused on the idea of self-reliance.

"As a basic principle, it's still always about self-reliance but I can see that in the last few years, there have been a lot more transfers, in terms of subsidies. Going forward, there will be more, but at the same time I believe the principle remains, to ensure whatever programme we put forth is sustainable," said Dr Tan. - CNA/xq/fa

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