

## **Singapore's household income grew in 2017, income inequality unchanged: Singstat**

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SINGAPORE: Resident households saw earnings from work increase in 2017, while income inequality in Singapore held near the lowest level in a decade, according to official data released on Thursday (Feb 8).

Among households headed by a Singapore citizen or permanent resident which had at least one working person, the median monthly income grew 2 per cent in nominal terms to S\$9,023 last year, from S\$8,846 in 2016.

Factoring in inflation, the increase was 1.5 per cent in real terms, the Key Household Income Trends report from the Singapore Department of Statistics showed.

After accounting for household size, the median monthly income per household member rose 4.5 per cent in nominal terms, or 3.9 per cent in real terms, to S\$2,699 in 2017.

The annual report also noted that households across all income groups enjoyed real growth in average work earnings per member last year.

Households in the 51st to 90th percentile income group saw the quickest growth rates, with income from work for each family member rising 3.7 to 4.5 per cent after taking into account inflation.

That income grew by 2.6 per cent in real terms for households in the top 10 per cent, while the lowest-earning households in the bottom 50 per cent recorded real income growth of 2.1 to 3.6 per cent.

For 2017, Singapore's Gini coefficient – a measure of income inequality from 0 to 1, with 0 representing total income equality – held near 2016 levels.

It stood at 0.459 before taking into account Government transfers and taxes – little changed from 2016's 0.458 and remained among the lowest in a decade.

After including Government transfers and taxes, the Gini coefficient for 2017 was reduced to 0.401, unchanged from the year before.

Families staying in one-room and two-room HDB flats received more government transfers than those in other housing types, the report showed.

On average, resident households in one-room and two-room HDB flats received S\$10,245 per household member from various Government schemes last year. This was more than double the average of S\$4,433 received per household member across all housing types.

## WORRYING SIGNS

However, experts that Channel NewsAsia spoke to noted some areas of concern within the annual report.

For one, the increase in the median monthly household income was the slowest since 2009 when households registered a decrease in earnings from work. Then, the median monthly household income fell 1.5 per cent in nominal terms and 2.4 per cent in real terms.

The slowdown in income growth rate came despite a pick-up in Singapore's gross domestic product (GDP) over the course of 2017, propelled by a stellar run in the manufacturing sector.

Maybank economist Chua Hak Bin said this boils down to the "weak and slow" recovery in the job market, which is still playing catch-up with the brighter prospects in the broader economy.

Nomura economist Brian Tan agreed, noting that the boost in GDP growth last year was levered on certain segments, namely the semiconductor sector, with limited spill-over effects on the rest of the economy.

"The labour market, and in turn wage growth, has not experienced as good a year as the headline GDP number suggested," he told Channel NewsAsia. "Bearing in mind how weak the labour market was, it is not surprising that it has translated into a slowdown in the household incomes."

Moving forward, overall job prospects will likely improve amid a broadening economic recovery, but wage growth in 2018 could be muted.

"The fourth quarter's unemployment rate seems to be coming down further, which gives you some hope that the labour market is recovering," said Mr Tan. "There is a possibility in wage growth going up but the rate of improvement won't be as large as we hope."

Meanwhile, the slower pace of income growth for the bottom 50 per cent households hinted at a "widening" gap between the poor and the rich, said Mr Leonard Lim from the Institute of Policy Studies.

"It is a point of concern because it shows that the income gap is widening between certain groups – the bottom half versus the 50th to 90th percentile – and it shows the increasing importance of the role of Government transfers to mitigate this," the research associate added, referring to how the Gini coefficient in 2017 remained unchanged from the year before after including Government transfers.

In the longer run, more efforts should be directed to up-skilling and retraining low-wage workers for them to move on to higher-paying jobs, said Dr Chua.