

## Median household income surges for low-wage workers

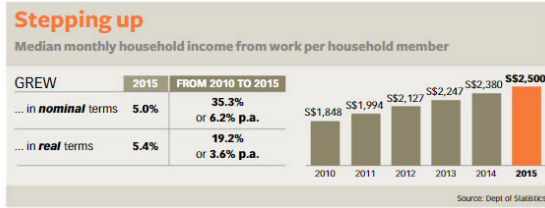
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MEDIAN resident household income from work jumped 4.9 per cent in real terms last year, higher than the 3.8 per cent average from 2010 to 2015 – courtesy of a tight labour market, a CPF-rate hike and a dip in inflation.

The biggest jumps were made in the lowest 20 per cent of households; the lowest decile posted a 10.7 per cent growth and the second lowest, 8.3 per cent, showing that the ongoing efforts to raise the pay of low-wage workers were working.

The top 10 per cent and the 21st to 30th percentile group scored the next highest rise of 7.2 per cent each. The rest recorded increases of 5.7 to 6.7 per cent, going by the 2015 edition of the Key Household Income Trends report, released on Friday by the Department of Statistics (DOS).

Income distribution measured by the Gini coefficient stayed broadly unchanged in the past



three years at 0.463 in 2015, close to 0.464 in 2014. A higher coefficient suggests a less equal distribution of incomes.

Government transfers in the form of GST vouchers, income tax rebates and the various top-ups amounted to an average of S\$3,985 per household member – 13 per cent higher than in 2014. With these transfers factored in, the Gini coefficient last year was 0.410, down from 0.463 in 2014. (In 2013, the figure was 0.409, the lowest since the Gini coefficient

was first calculated in 2000.)

DOS indicated that this reflects “the redistributive effect of government transfers”.

While the growth in income should bring cheer, there are concerns that labour productivity growth – minus 0.5 per cent in 2015 – has not caught up with it. If productivity continues to lag income growth, Singapore’s competitive edge will be eroded, and income growth would not be sustainable.

Minister for Trade and Industry

(Industry) S Iswaran picked up on this point when he spoke to reporters on Friday evening, on the sidelines of the inaugural Singapore International Chambers of Commerce Awards dinner. He added that the hike in the Central Provident Fund rate, which boosted household income in 2015, cannot be expected to be repeated often.

Median household income from work rose from S\$8,292 in 2014 to S\$8,666 in 2015, up 4.5 per cent in nominal terms. After accounting for inflation, which was

minus 0.5 per cent last year, the real growth was 4.9 per cent.

From 2010 to 2015, the median income jumped 36.6 per cent in nominal terms, or 6.4 per cent per annum. In real terms, household income from work rose 20.4 per cent during the period, or 3.8 per cent yearly.

Measured in per household member, the median household income from work went up 5.0 per cent in nominal terms and 5.4 per cent after adjusting for inflation.

DOS said: “The rise in median household income per household member came amid a tighter labour market, as well as an increase in the employer CPF contribution rates in 2015.”

From 2010 to 2015, household income from work per household member rose 19.2 per cent, or 3.6 per cent per annum. Monthly income per member jumped from S\$1,848 in 2010 to S\$2,380 in 2014 and S\$2,500 last year.

DOS noted that the lowest 50 per cent households enjoyed faster real income growth than the top 50 per cent households.

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