The median income of a Singapore family has gone up, and it rose faster than inflation last year, according to a government report.

This income, which is the mid-point in a range, jumped 11 per cent to $7,040 a month last year as more family members went out to work in a growing economy overflowing with jobs.

As inflation was around 5 per cent, the family enjoyed a real income growth of 5.6 per cent, said the report of Key Household Characteristics and Household Income Trends in 2011, released yesterday by the Department of Statistics.

This was double the 2.8 per cent real growth in 2010.

Associate Professor Randolph Tan of SIM University attributed the increase particularly to the momentum of a strong economy in 2010 carrying over to last year.

The median income in the report refers to that of Singaporean and permanent resident households, with at least one working member. It includes employer Central Provident Fund (CPF) contributions.

Besides overall household income, the median income per household member continued on page A7.

By CAI HUIHONG

Singapore households earned more last year
Median incomes last year also outpaced inflation

This income of each member rose from about $1,850 in 2010 to around $1,990 last year, a jump of 7.9 per cent. But taking into account inflation of around 5 per cent, the real increase is 2.7 per cent.

To show how families with different earning power fared, the report grouped the households into 10 income groups and compared the average income of each.

Incomes in every group went up last year. Families in the top 10 per cent saw their real household income rise 7.9 per cent, compared with 0.9 per cent for the bottom 10 per cent. Those in the middle, between the 51st and 60th percentiles, saw their real income going up by 2.4 per cent.

Economists like Mr Irvin Seah of DBS Bank cheered the achievement, saying: "The fact that real income has risen across the board suggests all Singaporeans have benefited from the healthy economic growth in recent years."

But Prof Tan is concerned about the widening income gap between the top and bottom 10 per cent. The Gini coefficient, a measure of income inequality, went up to 0.473 last year, indicating the gap has widened.

But when government aid to the poor and taxes on the rich are taken into consideration, the gap narrowed last year, from 0.455 to 0.452. This shows, said the report, the "redistributive effect on household income", which is that taxes on the spending of the rich, say on cars, are used to pay for government transfers, like the Workfare Income Supplement, to the poor.

Prime Minister Lee Hsien Loong said government aid to the poor and taxes on the rich are used to pay for government transfers, like the Workfare Income Supplement, to the poor.

Mr Tan, however, fears this gap will continue to widen. While white-collar workers can compete globally by virtue of their training, the growth of Singapore’s economy is not helping blue-collar workers, who lack the information processing and technology-related skills to do so, he said.

The situation is no less worrying for the "sandwiched class", said economists such as National University of Singapore’s Associate Professor Shan-dre Thangavelu and Barclays Capital’s Mr Leong Wai Ho.

They were referring to families in the 31st to 60th percentiles: The lower-middle and middle-income.

Their real income grew by 2.4 per cent or less as a result of high inflation.

Hence, Mr Leong is calling for more generous subsidies on childcare and pre-school education for them, as well as larger income tax reliefs for the middle-income.

Besides overall household income, the report also gives the average income per household member. It showed that wages of those at the bottom increased by a faster rate than those at the top. The average income per household member in the bottom 10 per cent increased by 6.4 per cent, while that of the top 10 per cent grew by 0.5 per cent.

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