

occasional paper
on
income statistics

KEY HOUSEHOLD INCOME TRENDS, 2008

Singapore Department of Statistics
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Key Household Income Trends, 2008

I Introduction

1 This paper highlights the key trends in household income from work¹ in 2008. The paper also presents the impact of the Surplus Sharing package in 2008 on households by house type.

II Household Income Growth

2 Median monthly household income from work of *resident* households² increased by 13 per cent from \$4,380 in 2007 to \$4,950 in 2008 (Table 1). After adjusting for higher consumer price inflation³ in 2008, median household income saw slower growth in 2008, growing by 6.2 per cent compared with 7.2 per cent in 2007 (Chart 1). Median household income among *employed* households (households with at least one working person) also saw a similar rise, from \$4,880 in 2007 to \$5,480 in 2008.

Table 1 Monthly Household Income from Work

	Median Household Income (\$)		Average Household Income (\$)	
	Resident Households	Employed Households	Resident Households	Employed Households
1999	3,500	3,800	4,720	5,100
2000	3,640	4,000	4,990	5,460
2001	3,860	4,140	5,340	5,740
2002	3,630	4,040	5,070	5,570
2003	3,600	4,050	5,080	5,620
2004	3,690	4,110	5,190	5,760
2005	3,860	4,350	5,450	6,050
2006	4,000	4,500	5,720	6,280
2007	4,380	4,880	6,300	6,890
2008	4,950	5,480	7,090	7,750

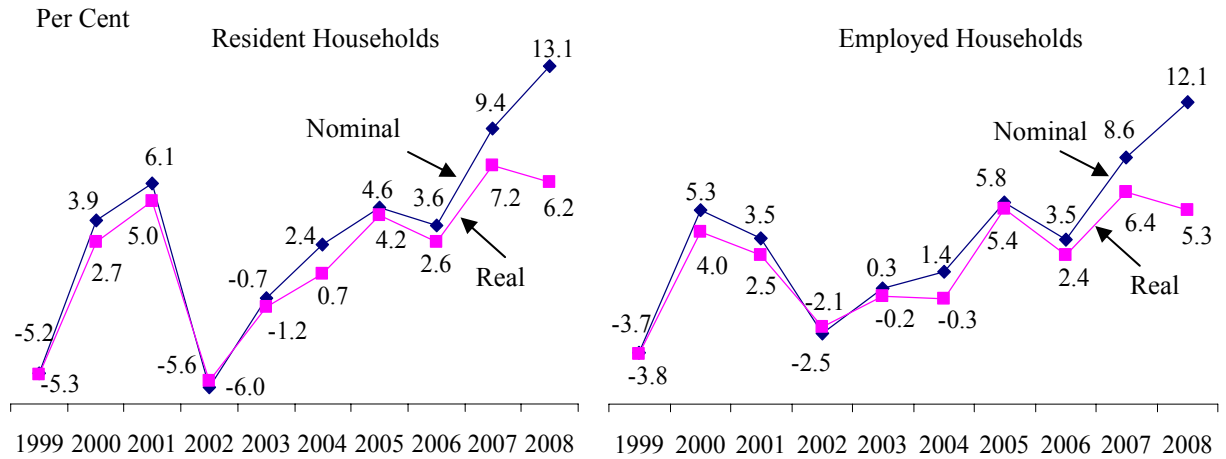
¹ “Household income from work” refers to the sum of income received by all working members of the household from employment and business but excludes the income of domestic helpers.

For statistical purpose, a household refers to a group of persons living in the same dwelling unit and sharing common living arrangements. A household may comprise related or unrelated members.

² “Resident households” are households headed by Singapore citizens or Permanent Residents. This category includes employed households and households with no working person.

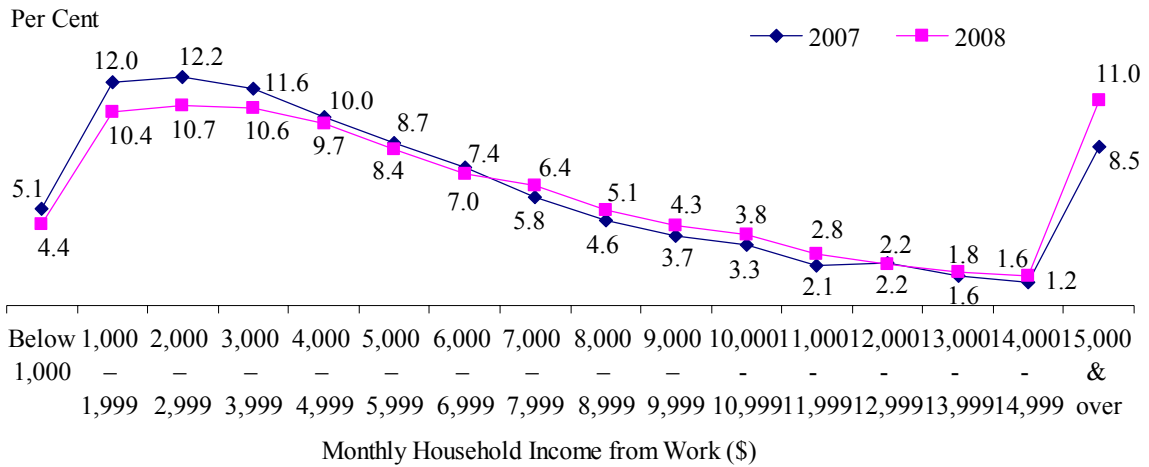
³ Preliminary Consumer Price Index (CPI) data for 2008 has been used to compute real income changes in this paper.

Chart 1 Annual % Change in Median Monthly Household Income from Work



3 As a result of the healthy growth in household incomes from 2007 to 2008, there are now more households in higher income brackets. In 2007, 33 per cent of employed households earned a monthly income of at least \$7,000 (Chart 2). In 2008, 39 per cent of employed households earned a monthly income of at least \$7,000.

Chart 2 Proportion of Employed Households by Monthly Household Income from Work



Stronger Household Income Growth Among Households in Smaller Flat Type

4 Among resident households, those living in smaller housing types saw stronger household income growth in 2008 than households living in larger housing. Median household income from work grew by a strong 13-15 per cent (6-9 per cent in real terms) among resident households in HDB 3-room or smaller flats in 2008 (Table 2). Among resident households in bigger housing types, median household income from work grew by 9-12 per cent (2-6 per cent in real terms). Employed households in smaller housing types also experienced stronger growth in household income from work in 2008 than those living in bigger housing.

Table 2 Median Monthly Household Income from Work by Dwelling Type

	2006 (\$)	2007 (\$)	2008 (\$)	Nominal Change (%)		Real Change (%)		Distribution by Dwelling Type, 2008 (%)
				2006-2007	2007-2008	2006-2007	2007-2008	
<u>Resident Households</u>	4,000	4,380	4,950	9.4	13.1	7.2	6.2	100.0
HDB 1- and 2- room	700	650	750	-7.1	15.4	-9.1	8.5	3.9
HDB 3-Room	2,260	2,400	2,710	6.1	13.0	3.9	6.1	20.4
HDB 4-Room or Larger Flats	4,460	4,750	5,340	6.6	12.3	4.5	5.5	58.2
Private Flats, Condominium and Private Houses	9,520	10,620	11,530	11.5	8.5	9.2	1.9	16.5
<u>Employed Households</u>	4,500	4,880	5,480	8.6	12.1	6.4	5.3	100.0
HDB 1- and 2 room	1,100	990	1,190	-9.6	19.7	-11.5	12.5	2.9
HDB 3-Room	2,660	2,880	3,230	8.2	12.3	6.0	5.5	19.2
HDB 4-Room or Larger Flats	4,640	5,000	5,600	7.7	12.0	5.5	5.2	60.5
Private Flats, Condominium and Private Houses	10,420	11,740	12,570	12.7	7.1	10.4	0.6	16.5

5 Strong labour market conditions throughout most of 2008 contributed to the growth in real household income from work in 2008 by attracting more people into the workforce, especially from households living in smaller housing types (Table 3).

Table 3 Resident Households by Number of Working Person and Dwelling Type

	HDB 1- & 2-Room			HDB 3-Room			HDB 4-Room or Larger			Per Cent Private Flats, Condominiums or Private Houses		
	2006	2007	2008	2006	2007	2008	2006	2007	2008	2006	2007	2008
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Households with at least 1 Working Person (Employed Households)	63.4	65.9	66.8	85.9	85.7	85.8	95.1	95.2	95.1	91.3	91.3	91.5
<i>1 working person</i>	44.7	50.6	48.8	46.5	45.5	43.6	32.7	32.4	31.1	37.3	36.5	35.0
<i>2 or more working persons</i>	18.7	15.3	18.0	39.4	40.2	42.1	62.4	62.8	64.0	54.1	54.7	56.5
Households With No Working Persons ¹	36.6	34.1	33.2	14.1	14.3	14.2	4.9	4.8	4.9	8.7	8.7	8.5

¹ Majority of households with no working persons are retiree households. Retiree households are defined, for statistical purpose, as those comprising solely non-working persons aged 60 years and above.

Growth in Household Income Among All Income Groups

6 For the following analysis of household income by income groups, all employed households were ranked by their monthly household income from work per household member in ascending order and divided into ten equal groups or deciles⁴.

7 Among employed households, average household income from work increased in both nominal and real terms for all income groups in 2008 (Table 4).

Table 4 Average Monthly Household Income from Work Among Employed Households by Decile

Decile	2006 (\$)	2007 (\$)	2008 (\$)	Nominal Annual Change (%)			Real Annual Change (%)		
				2006	2007	2008	2006	2007	2008
Total	6,280	6,890	7,750	3.8	9.7	12.5	2.7	7.5	5.7
1 st – 10 th	1,170	1,220	1,310	1.7	4.4	7.5	0.0	2.5	0.1
11 th – 20 th	2,130	2,240	2,480	2.9	5.0	10.8	1.1	3.0	3.2
21 st – 30 th	2,880	3,040	3,430	2.1	5.4	12.7	1.0	3.4	6.0
31 st – 40 th	3,660	3,970	4,430	1.7	8.5	11.4	0.6	6.4	4.7
41 st – 50 th	4,490	4,900	5,460	1.2	9.3	11.3	0.2	7.2	4.6
51 st – 60 th	5,480	5,880	6,730	3.9	7.3	14.4	2.7	5.3	7.5
61 st – 70 th	6,460	7,140	8,040	-0.2	10.5	12.6	-1.2	8.4	5.8
71 st – 80 th	8,010	8,730	9,720	4.2	8.9	11.4	3.1	6.8	4.7
81 st – 90 th	10,110	11,330	12,910	3.2	12.1	14.0	2.7	9.6	7.6
91 st – 100 th	18,410	20,440	23,020	6.9	11.1	12.6	6.4	8.6	6.3

8 Adjusting for household size, average household income from work per household member⁵ grew by 5.0-5.4 per cent in 2008 in real terms for every decile between the 21st and 90th percentile of employed households (Table 5). The lowest two deciles of employed households had an increase in real income per household member of 2-3 per cent, while the top decile of employed household saw growth of 0.9 per cent.

⁴ Since the household income data cover only income from work, employed households are used in the analysis of income of households in different income groups. Households with no working person could have income from non-work sources.

⁵ Household income is adjusted for household size as households have become smaller over time.

Table 5 Average Monthly Household Income from Work Per Household Member
Among Employed Households by Decile

Decile	2006 (\$)	2007 (\$)	2008 (\$)	Nominal Annual Change (%)			Real Annual Change (%)		
				2006	2007	2008	2006	2007	2008
Total	1,970	2,170	2,380	6.4	10.3	9.9	5.4	8.0	3.2
1 st – 10 th	290	310	340	7.3	5.8	9.3	5.4	3.7	1.8
11 th – 20 th	540	570	630	5.5	6.1	10.5	3.5	4.2	2.9
21 st – 30 th	750	790	880	5.7	5.9	11.8	4.5	3.9	5.0
31 st – 40 th	950	1,020	1,140	4.6	6.7	12.2	3.5	4.7	5.4
41 st – 50 th	1,180	1,270	1,420	4.5	7.4	12.2	3.4	5.4	5.4
51 st – 60 th	1,460	1,570	1,760	4.4	7.4	12.2	3.3	5.3	5.4
61 st – 70 th	1,810	1,970	2,210	4.3	8.8	12.1	3.2	6.7	5.4
71 st – 80 th	2,320	2,540	2,830	5.1	9.3	11.6	4.0	7.2	5.0
81 st – 90 th	3,210	3,510	3,900	5.9	9.2	11.4	5.4	6.7	5.1
91 st – 100 th	7,140	8,140	8,700	8.9	14.0	6.9	8.4	11.4	0.9

III Surplus Sharing Package

More Benefits from the Surplus Sharing Package to Lower-Income Households

9 In 2008, the government announced a Surplus Sharing package to share the budget surpluses with Singaporeans. The Surplus Sharing package added an estimated \$1,030 per household member to resident households on average in 2008 (Table 6).

10 The Surplus Sharing package gave a larger boost to the lower income groups. On average, the Surplus Sharing package transferred \$1,670 per household member to resident households in HDB 1- and 2-room flats and \$1,320 per household member to resident households in HDB 3-room flats. This was more than the \$720 per household member for households in private flats and landed properties.

**Table 6 Average Annual Surplus Sharing Disbursement to Resident Households
(on per household member basis) by House Type, 2008**

Among All Resident Households (Per Household Member)	Total	HDB 1- and 2- room	HDB 3- room	HDB 4- room or Larger	Dollars
					Private Flats, Condominiums or Private Houses
Surplus Sharing Package	1,030	1,670	1,320	980	720
Annual Household Income from Work Per Household Member	26,130	6,290	16,950	22,290	55,460
As % of Annual Household Income from Work Per Household Member	3.9	26.5	7.8	4.4	1.3

Note: The Surplus Sharing Package includes Growth Dividends, top-ups to Post-Secondary Education Accounts and CPF Medisave Accounts, rebates on utilities, rental and Service and Conservancy charges, income tax rebates and property tax rebates. The Surplus Sharing Package also includes Workfare Income Supplement, and GST Credits and Senior Citizens' Bonus disbursed in 2008. Estimates for 2008 are based on available data for disbursements up to October 2008.

11 On average, the Surplus Sharing package also added more to households with no working person (on per household member basis) than households with at least one working person. Resident households with no working person received \$1,480 per household member on average from the Surplus Sharing package in 2008 (Table 7). In comparison, employed households received \$990 per household member on average from the Surplus Sharing package.

**Table 7 Average Annual Surplus Sharing Disbursement to Resident Households
(on per household member basis) by Number of Working Person and House Type, 2008**

Among All Resident Households (Per Household Member)	Total	HDB 1- and 2- room	HDB 3- room	HDB 4- room or Larger	Dollars
					Private Flats, Condominiums or Private Houses
Surplus Sharing Package					
Households with No Working Person	1,480	1,800	1,800	1,410	690
Households with at least 1 working person (employed households)	990	1,600	1,250	950	730

IV Household Income Distribution

12 The disparity in household income from work per household member among employed households dropped in 2008. The Gini coefficient, which is a summary measure of income inequality, decreased from 0.489 in 2007 to 0.481 in

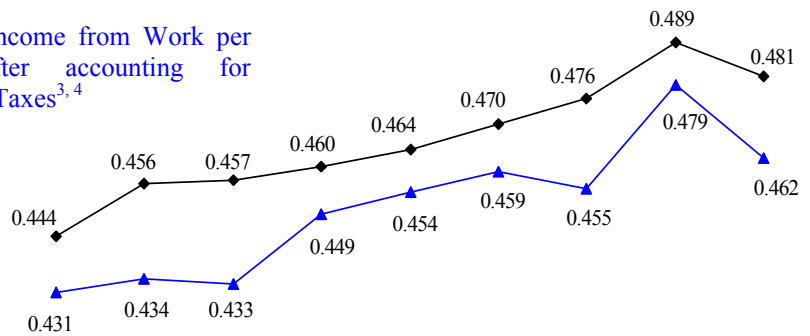
2008 (Chart 3). This is the first decline in Singapore's Gini coefficient since 1998. This decline reflects the faster income growth among the 21st - 90th percentile of employed households.

13 After adjusting for government benefits and taxes, the Gini coefficient in 2008 fell even further to 0.462 (compared to 0.479 in 2007), reflecting the size of the Surplus Sharing Package in 2008 compared to 2007's GST Offset Package.

Chart 3 Gini Coefficient¹ among Employed Households

◆ Based on Original Household Income from Work per Household Member

▲ Based on Household Income from Work per Household Member after accounting for Government Benefits² and Taxes^{3,4}



	2000	2001	2002	2003	2004	2005	2006	2007	2008
Ratio of Average Income ⁵ of Top 20% to Lowest 20% Employed Households	10.1	11.1	11.3	11.5	11.7	12.3	12.4	13.2	13.0

1 The Gini coefficient takes values between zero and one. The more unequal the income distribution, the larger the Gini coefficient.

2 Government benefits include rebates on utilities, rental and service and conservancy charges in all years, CPF top-ups, New Singapore Shares & Economic Restructuring Shares in relevant years, Progress Package (Growth Dividends, Workfare Bonus, CPF Top-ups, NS Bonus) in 2006, GST Off-set Package (GST Credits, Senior Citizen Bonus) and 2nd tranche of Workfare Bonus in 2007, and Surplus Sharing Package (Growth Dividends, top-ups to Post-Secondary Education Accounts and CPF Medisave Accounts), GST Credits, Senior Citizen Bonus and Workfare Income Supplement disbursements in 2008.

3 Taxes include direct and indirect taxes. Indirect taxes include GST, maid levy, car-related taxes, alcohol tax, tobacco tax and property tax after accounting for property tax rebates if any.

4 Data on income after accounting for government benefits and taxes for 2008 is preliminary.

5 Based on original household income from work per household member.

V Concluding Remarks

14 Household income from work increased in real terms in 2008, though slower than in 2007 due to higher consumer price inflation in 2008. Households across income groups have benefited from employment growth, and household income from work grew in real terms across all income groups in 2008 among employed households. The disbursement of the government's Surplus Sharing Package in 2008 resulted in a reduction in household income disparities.

SINGAPORE DEPARTMENT OF STATISTICS
JANUARY 2009

Glossary of Terms and Definitions

Resident households

Resident households refer to households headed by Singapore citizens or permanent residents.

Employed households

Employed households refer to resident households with at least one working person.

Household income from work

Household income from work refers to the sum of income received by working members of the household from employment and business. However, it does not include the income of domestic helpers.

Household income from work per household member

Household income from work per household member refers to the household income from work divided by the total number of members in the households. For example, if only one person in a household of four is working, his income is divided by four to derive the average income per household member.

Median Household Income

Median household income refers to the household income in the middle of the income distribution, i.e. half of the households have higher income than the median household income and half have lower income than the median household income.

Decile (decile group)

A decile group is one tenth of all households arranged by their incomes from minimum to maximum. The first decile group is the first one tenth (the 10% of all household with lowest incomes). The last decile is the one tenth of the households with the highest incomes.

Gini Coefficient

The Gini coefficient measures the degree of inequality of the income distribution. It is equal to zero in the case of total income equality and to one in the case of total inequality

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