

Family of 4 needs \$6,426 a month: Study

Research finds 30% of working households do not earn enough

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A family of four, with parents, a pre-teen and a teenager, needs at least \$6,426 a month to afford a basic standard of living, a study on household budgets found.

A family of two, with a single parent and a toddler or pre-schooler, meanwhile, needs \$3,218 a month.

But a substantial and concerning proportion of working households – about 30 per cent – do not earn enough to meet these needs.

These findings by researchers from the National University of Singapore Lee Kuan Yew School of Public Policy (LKYSPP) and Nanyang Technological University (NTU) were released in the report Minimum Income Standards for Households in Singapore (2021), and were disputed by the Ministry of Finance (MOF) in a statement yesterday.

LKYSPP senior research fellow Ng Kok Hoe and NTU head of sociology Teo You Yenn, two of the study's six authors, said the findings on how much people need to achieve a basic standard of living in Singapore have exposed gaps in some public schemes and policies.

But the MOF said "the conclusions may not be an accurate reflection of basic needs largely owing to assumptions used", pointing to the limitations of the minimum income standards (MIS) approach used.

The study defined basic standard of living as being able to afford housing, food and clothing, and also having opportunities for education, employment, work-life balance and access to healthcare.

It should also enable a sense of belonging, respect, security and independence, and afford the choice to participate in social activities as well as cultural and religious practices.

This definition emerged from focus group discussions, and researchers then convened more sessions for people to come up with lists of items needed by individuals in different stages of life.

The items were priced and the lists were then combined to form the budget of the various household types.

Dr Ng said at a virtual event presenting the findings that a key pillar of the MIS approach is ensuring the economic diversity of the participants, so the budgets apply universally for all Singaporeans and not just to rich or poor households.

A total of 196 participants of different genders, ethnicity and socio-economic backgrounds took part in 24 focus groups.

This method differs from other ways of assessing basic needs, which typically depend on experts and household expenditure.

The LKYSPP-NTU team had done a previous study in 2019, focusing on elderly households.

This time, it updated the earlier figures and covered younger households, including those with a single parent with one child aged between two and six, and those with parents with two children, one aged between seven and 12 and the other aged between 13 and 18.

Comparing the household budgets to data on income, the study found that after accounting for major taxes and benefits, workers earning \$4,534, the median wage last year, will make more than enough to cover the needs of the single-parent and two-parent households.

Based on the study, the average wage per working parent needed to meet the basic standards of living is \$2,906 per month.

The study's authors suggested



The study by the NUS Lee Kuan Yew School of Public Policy and NTU found that housing, healthcare, education and childcare accounted for a significant proportion of spending for all household types. ST PHOTO: KUA CHEE SIONG

Minimum income standards budgets

	Budget amount for household type (\$)		
	Single parent, one child (2-6 years old)	Two parents, two children (7-12 and 13-18 years old)	Single elderly person
Food and non-alcoholic beverages	50.08	103.53	47.62
Restaurant food*	-	-	11.89
Hawker food, foodcourts	81.60	238.40	35.98
Clothing	18.55	238.40	10.97
Footwear	3.62	44.52	1.82
Public transport	38.67	10.20	26.13
Housing purchase	159.84	132.89	38.98
Housing maintenance	4.66	297.89	1.88
Utilities	33.32	5.90	19.45
Household durables	34.90	47.67	16.98
Household services and supplies	19.93	40.20	4.44
Medical products	20.63	19.20	0.92
Healthcare	21.83	33.48	18.37
Communication	14.64	35.33	6.53
Recreation and entertainment	63.98	33.20	54.38
Newspapers, books and stationery	0.58	114.55	0.07
Holiday expenses	15.27	3.41	9.96
Tuition and other fees*	114.74	30.72	N.A.
School textbooks, study guides	0.58	115.46	N.A.
Personal care	26.34	44.76	18.70
Personal effects	4.56	8.39	2.00
Insurance	12.32	23.83	0.01
Social support services*	N.A.	79.03	N.A.
Total weekly budget	740.63	1,478.84	327.09
Monthly budget	3,218.22	6,425.92	1,421.30
Ratio to median monthly work income*	0.70	1.40	0.30
Without housing purchase, healthcare, education and childcare	1,947.34	4,639.41	1,196.59

*NOTES:

- Restaurant food is included in the recreation and entertainment budget for the single and partnered parents' households.
- Tuition and other fees include playgroup fees, childcare centre fees and kindergarten fees for children aged 2-6; and primary school miscellaneous fees, secondary school and miscellaneous fees, and private tuition fees for children aged 7-12 and 13-18.
- Social support services refer to student care for children aged 7-12.
- The median gross monthly work income of full-time employed residents aged 15 and above including employer CPF contributions was \$4,534 in 2020 (Ministry of Manpower, 2021).

Source: MINIMUM INCOME STANDARDS FOR HOUSEHOLDS IN SINGAPORE (2021) STRAITS TIMES GRAPHICS

that this can be a starting point for a socially acceptable living wage for Singapore, which will allow people to meet their basic needs.

However, some groups fell below this minimum.

The youngest workers, those without tertiary education and those in certain low-wage sectors, would not earn enough to meet the needs of such single-parent and two-parent households.

For example, cleaners and labourers take home a median monthly income of only \$1,535, while salespeople make \$2,345.

Wages boosted by the Progressive Wage Model (PWM) and Workfare Income Supplement, meanwhile, come up to only about 60 per cent of what the single-parent and two-parent households need.

Dr Ng said if such households depend on employment in PWM sectors such as cleaning as their only source of income, they are likely to experience significant financial strain. He called for wage intervention to go further than the PWM currently does.

For elderly households with one person, basic needs will cost \$1,421 a month.

Income data suggests that older workers would have just enough to cover this.

Workers who are 60 years old and above make a median monthly wage of \$2,330.

But elderly people depending on Central Provident Fund (CPF) payouts may find themselves short, while those needing public assistance would be a long way from achieving a basic standard of living, the study found.

The CPF Basic Retirement Sum,

which pays out \$800 a month, covers only 56 per cent of what a single elderly person needs. The Silver Support Scheme covers only 11 per cent to 21 per cent, the study found.

While the study offers a scientific benchmark for policymakers to refer to, it does not prescribe a way to help close the gap, said Dr Ng.

He suggested that there were two options – either rebalance the private and public provision of public services such as education and healthcare, or improve wage interventions such as PWM.

The study found that housing, healthcare, education and childcare accounted for a significant proportion of spending for all household types – 28 per cent of the budget for two-parent households and 39 per cent for single-parent households.

More state funding for such public services, through universal subsidies or direct provision, would help lighten the financial burden on households, he noted.

"What we must not do is say we can't move on any of these fronts. If you don't move on any front, then people will not have enough," he added.

The study's authors also said the MIS method of constructing household budgets, adopted by countries such as Britain, France, South Africa and Thailand, reflects the lived realities and ordinary habits of people and captures the values and principles that ordinary Singaporeans identify with.

For instance, participants agreed that money should be allocated for contributions at funeral wakes or birthday presents, but re-

jected air-conditioners as a necessity.

They also agreed that landlines were not needed, since most people use their mobile phones nowadays, and that taxi rides are a necessity a few times a week, though cars are not.

Associate Professor Teo said: "The spirit of this project is really about trying to capture how ordinary people think about the basic standard of living in a particular time and... many participants were very articulate in saying that (it) shouldn't just be about breathing and being alive."

"It's also about thriving, having respect and security and belonging."

The importance of this sense of belonging had come through especially strongly this time around, compared with the first study in 2019, as parents spoke about how children need to be able to do things other children do so they feel like they belong.

That is why the household budgets also included money for them to join their friends at outings outside of school, Prof Teo added.

Dr Ng said: "It was very meaningful... that people can agree on what basic needs in society means, that people from very different backgrounds agree that there is such a thing called basic needs, agree on what it means and looks like."

"This should urge all of us to think about how in policymaking and public deliberation and thinking, we should bring people into it and not think that answers are best produced by narrow groups of elites."

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