

WAGES

Source of Data

Statistics on the average monthly earnings are compiled based on the payroll of Central Provident Fund (CPF) contributors.

Statistics on occupational wages are compiled from the Occupational Wage Survey conducted by the CPF Board on behalf of the Ministry of Manpower. The survey covers the wages of CPF contributors in full-time employment in a sample of private sector establishments each with at least 25 employees.

Statistics on total wage change, basic wage change and variable component are compiled from the Survey on Annual Wage Changes conducted by the Manpower Research and Statistics Department of the Ministry of Manpower. The data pertain to full-time private sector employees on the CPF scheme who have been with the establishment for at least a year. The survey covers a sample of private sector establishments each with at least 10 employees.

Wage and wage-related guidelines are provided by the National Wages Council (NWC). The NWC, established in February 1972, is a tripartite body comprising

representatives from government, employers and employees. Although its recommendations are not mandatory, they are widely accepted and followed.

Statistical Note

Changes in occupational wage levels over time should be interpreted with care. The changes not only reflect wage increases paid to the workers but also the changes in composition within the occupational group. For instance, a large increase in new entrants into a particular occupation may depress the average wage level for that occupation. Data may also fluctuate year to year due to sampling variability.

The occupations of the CPF contributors surveyed were based solely on the job titles provided by their employers. This may result in lower wage data for certain occupations especially those requiring professional qualifications, when a significant number of contributors without the necessary qualifications (and earning less than their suitably qualified counterparts) were given such professional titles by their employers.

The wage data compiled exclude bonuses and profit sharing. The wages for certain occupations especially those where performance-based bonuses constitute a significant portion of total wage, would be lower than expected. Examples of such occupations are brokers, dealers and senior management staff.

Wages are determined by a number of factors including the scope, responsibilities and working conditions of the job; and the productivity, qualifications, skills, experience and innate ability of the workers. The state of the labour market in terms of the demand and supply factors also has an influence on the wages paid.

The scope and job responsibilities of CPF contributors classified under the same occupation may vary widely across establishments, especially for occupations like managing director and the various types of managers.

Concepts and Definitions

Nominal monthly earnings refer to all remuneration received before deduction of the employee's CPF contributions and personal income tax. They include basic wage, overtime payments, commissions, allowances and other monetary payments, annual wage supplement (AWS) and

variable bonuses but exclude employer's CPF contributions.

Monthly basic wage refers to the monthly basic pay before deductions of the employee's CPF contributions and personal income tax. It excludes overtime payments, commissions, bonuses, employer's CPF contributions, allowances (e.g. shift, food, housing and transport), other monetary payments and payments-in-kind.

Monthly gross wage refers to all remuneration received by an employee before deductions of the employee's CPF contributions and personal income tax. It includes overtime payments, commissions, allowances (e.g. shift, food, housing and transport) and other regular cash payments; but excludes employer's CPF contributions, bonuses, other lump sum payments and payments-in-kind.

Mean wage refers to the sum of wages of all employees in a specified group divided by the group size.

Median wage refers to the wage where half of the employees earn below and half earn above that amount.

Variable component usually consists of 2 components, namely the annual wage supplement (AWS) and variable bonuses.

Total wage change refers to the change in total wage which is the sum of annual basic wage and variable component.