

Wage growth slows with weaker Economy

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Office workers in the central business district (CBD). ST PHOTO: KUA CHEE SIONG

Workers' median income rises at slower pace; analysts don't see situation improving in 2017

The pay of local workers rose this year, but at a slower pace than it did last year because of the economy's tepid growth.

Pay went up to \$4,056 in June for residents holding full-time jobs - an increase of 2.7 per cent against 4.7 per cent in the previous June.

This median income - the mid-point income in a range - includes employer contributions to the Central Provident Fund.

But when inflation is taken into account, the real median income grew by 3.2 per cent as the consumer price index this year is expected to dip, according to preliminary figures released yesterday by the Ministry of Manpower (MOM).

Economists do not see the situation improving next year as the labour market takes time to respond to changes in the economy, which has slowed this year.

UOB economist Francis Tan foresees income growth in externally oriented industries, such as manufacturing, doing worse than in domestic services like healthcare.

But SIM University labour economist Randolph Tan said the slowing income growth could be a good thing as past increases were seen to be unsustainable.

"It is a natural reaction to productivity improvements not having taken a strong hold yet. If income growth had continued in an uncontrolled manner, there could be consequences in the future," said Associate Professor Tan.

The MOM's report is based on its annual Comprehensive Labour Force Survey of Singapore citizens and permanent residents conducted in the middle of the year.

The survey also shows the pay of workers near the bottom at the 20th percentile going up more slowly than that of the average worker in the past five years.

Their real income rose an average 2.6 per cent each year from 2011 to 2016 while that of those at the median, or 50th percentile, climbed up 3.1 per cent a year, after taking inflation into account.

National Trades Union Congress assistant secretary-general Zainal Sapari said most workers would understand that this year's wage growth will be muted because of economic conditions. "It's more important to make sure workers continue to have jobs," he said.

With fewer job openings, the unemployment rate also crept up to 3 per cent in June, from 2.8 per cent a year earlier, after adjusting for seasonal variations.

The profile of the labour force shows that more are better educated, with one in three holding a university degree. More also have diplomas or professional qualifications.

A total of 55 per cent of those employed are professionals, managers, executives or technicians (PMETs), whose unemployment rate rose from 2.7 per cent to 3.1 per cent in June. Still, it is below the 4.2 per cent for non-PMETs.

Prof Tan said the jobless in the growing PMET group need targeted help as their skills are varied. "There is no silver bullet in dealing with their unemployment problem."

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