

## INCOME, WAGES AND EARNINGS

### Source of Data

Statistics on Gross Monthly Income From Work are compiled from the Comprehensive Labour Force Survey conducted by the Manpower Research and Statistics Department of the Ministry of Manpower. The survey covers a sample of private households in Singapore. It excludes workers living in construction worksites, dormitories and workers' quarters at the workplace and persons commuting from abroad to work in Singapore.

Statistics on Annual Wage Changes are compiled from the Survey on Annual Wage Changes conducted by the Manpower Research and Statistics Department of the Ministry of Manpower. The survey covers private sector establishments with at least 10 employees. The data collected pertain to full-time resident employees in continuous employment of at least one year.

Statistics on Annual Labour Cost are compiled from the Labour Cost Survey conducted by the Manpower Research and Statistics Department of the Ministry of Manpower. The survey covers private sector establishments each with at least 25 employees and the public sector.

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.

Statistics on Average (Mean) Monthly Earnings are compiled based on the payroll of contributors to the Central Provident Fund (CPF). The data cover full-time and part-time employees who have CPF contributions. They exclude identifiable self-employed persons who have made CPF contributions.

### Statistical Note

#### **Gross Monthly Income From Work (Table B.1 – B.4)**

Gross Monthly Income From Work is the widest measure of income from employment, covering both employees and the self-employed. For an indication of workers' economic well-being or how much a typical worker in Singapore is earning, users may look at the median income. This is the income of the worker in the middle of the income distribution, i.e. half of the

workers earned more than this income and half, less.

While the growth in median income from work is a measurement of the progress in income of the employed pool as a whole, year-on-year income changes which are derived from a sample survey are prone to fluctuations and hence should always be interpreted with caution. Income growth studied over longer periods (e.g. 5 or 10 years) smooths out these fluctuations and hence provides a more direct indication of income growth.

When determining how workers' income has changed over time, it is also more meaningful to focus on the income growth among those in full-time employment. This will avoid clouding the income trends with the changing mix of full-timers and part-timers among employed persons, as part-time work involves shorter working hours and correspondingly lower income. Moreover, full-timers form the bulk of workers in Singapore.

### **Annual Wage Changes (Table B.5 – B.7)**

If interest is in wage increases over the year that employers give, then look at the annual wage changes. This indicator provides a breakdown of changes in total wages (Table B.5) into basic wages (Table B.6) and bonuses (Table B.7) by industry.

The data refer to wage changes that employers give their full-time resident employees in continuous employment of at least one year.

### **Average (Mean) Monthly Earnings (Table B.10)**

Available quarterly, Average (Mean) Monthly Earnings (AME) provides a timely rough gauge of average wage movement. However, the AME can be influenced by the changing mix of full-time and part-time workers and variations in overtime as the data are compiled based on the payroll of contributors to the Central Provident Fund (CPF) which do not allow for breakdown separately to full-timers and part-timers.

Also, as AME pertains to mean earnings, it can be skewed upwards by a small number of very high income earners. For income of a typical worker, users should refer to the median Gross Monthly Income From Work and for wage growth of employees over a year users can refer to the Annual Wage Changes.

## Concepts and Definitions

**Gross Monthly Income From Work** refers to income earned from employment. For employees, it refers to the gross monthly wages or salaries before deduction of employee CPF contributions and personal income tax. It comprises basic wages, overtime pay, commissions, tips, other allowances and one-twelfth of annual bonuses. For self-employed persons, gross monthly income refers to the average monthly profits from their business, trade or profession (i.e. total receipts less business expenses incurred) before deduction of income tax.

**Median (50th Percentile) Income** refers to the income level at the middle of the income distribution which divides the bottom half of income earners from the upper half.

**20th Percentile Income** refers to the income level which divides the bottom 20% of income earners from the rest. In Singapore, this measure is commonly used to proxy income of low-wage workers.

**Total Wages** refers to the sum of basic wages and bonuses.

**Basic Wages** refers to the basic pay before deduction of employee CPF contributions and personal income tax. It excludes employer CPF contributions, bonuses, overtime payments, commissions, allowances.

**Annual Variable Component** usually consists of two components i.e. Annual Wage Supplement (also known as 13<sup>th</sup> month) and variable bonus.

**Labour Cost** refers to the cost of labour input incurred by firms in their production of goods and services.

**Average (Mean) Monthly Earnings** refers to all remuneration received before deduction of the employee Central Provident Fund (CPF) contributions and personal income tax. It comprises basic wages, overtime pay, commissions, allowances and bonuses but exclude employer CPF contributions.