Financial, insurance services’ spike lifts 2011 average pay rise to 5.3%; inflation hits 5.2%

LAST year’s average wage growth beat inflation by a hair.

Including employers’ Central Provident Fund contributions, the increase of 5.1 per cent partly beat inflation, which was 5.2 per cent.

But most people might have thought otherwise – that their salaries were not growing as quickly as the size of their bills.

According to data from the Manpower Ministry, the national average wage growth last year was pulled up chiefly by one industry: financial and insurance services, where the pay rose 9.1 per cent.

In seven out of 11 industries, wage growth was not only less than the average of 5.3 per cent, it was also lower than inflation.

Of the seven industries, salaries rose least in the administrative and support services, at 3.7 per cent. The industry includes employment agency staff, security guards, cleaners, gardeners and office administrative staff.

Factor in inflation, and the real wages for these workers actually fell – by 1.5 per cent.

Other sectors whose pay rises were below the national average include construction, manufacturing, and accommodation and food services.

In 2010, wage growth only lagged inflation in one sector: transport and storage.

Economists and unionists said that while overall wage growth figures are useful, attention should be paid to how wages move in each sector.

“The topline figures are important to get a sense of how the economy itself is doing,” said MP Alex Yam, who is head of strategies and planning at the National Trades Union Congress (NTUC). “But to take the worker’s perspective, we must look at specifics.”

Beyond sectoral comparisons, wages could be monitored for different job types, suggested SIM University economist Randolph Tan.

This would help track inequality, said National University of Singapore economist Basant Kapur.

“If higher-wage occupations experience faster wage increases than lower-paid ones, then wage inequality will rise in that particular year, and vice versa,” he said.

The labour movement has already taken a focused approach by developing industry-specific pay targets for lower-wage workers, suggested Mr Ong Ye Kung, deputy secretary-general of the NTUC.

“As a start, we have to zoom into a few key low-wage sectors, such as cleaning, and bring about an overall rise in wages,” he said.

He added, however, that wage changes should be based on productivity improvements.

But Professor Tan warned that too much emphasis on ensuring wage increases keep pace with inflation could reduce competitiveness and make it harder for companies to switch from foreign to local workers.

Though acknowledging that real wages may have fallen for many workers last year, Mr Ong noted the Government’s explanation that a large part of inflation was due to rising car prices and housing rentals.

Minister for Trade and Industry Masagos Zulkifli said that as most Singaporeans are not buying new cars or renting, they would not feel the full impact of inflation.

Inflation for the majority was closer to 3 per cent, he added.

Last year, wage increases in all sectors were above this figure.

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