

Minimum Wage: Lessons From Thailand
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This is the first part of a two part series on lessons Malaysia can learn from Thailand's minimum wage experiences.

BANGKOK, May 3 (Bernama) -- At 60 years old, Arree Amnuaychai is still mopping the floors of Parliament to earn a living and looking forward to receiving her new minimum wage at the end of this month.

Her daily wage of 220 Baht (RM22) has been raised to 300 Baht (RM30) following the increase in daily minimum wages to 300 Baht in seven provinces including Bangkok from last month.

"My boss told me that I would get the minimum wage at the end of this month. I hope to get the arrears for last month's increment as well," she said.

The daily minimum wage of 300 Baht was among the major promises made by the Pheu Thai party during the July general election last year.

The seven provinces to benefit from the new policy are, Phuket, Bangkok, Nakhon Pathom, Nonthaburi, Pathum Thani, Samut Prakam and Samut Sakhon.

It will be expanded to the rest of the 70 provinces throughout the country by January next year.

The increment is aimed at paying a better salary to low-income workers and thereby increasing their purchasing power which will in turn contribute to the country's economic growth in the long term.

Prior to the new policy, the daily minimum wage ranged between 159 Baht to 221 Baht depending on the province, with Payao recording the lowest and Phuket the highest.

Although Arree was happy with the pay rise, she expressed concern over the escalating prices of goods, especially food.

"The prices of goods increased even before the government announced the salary increase on April 1," she said.

Arree whose husband died several years ago, noticed the hike in prices in recent months when she found her salary insufficient to meet ends for rent, food and transportation.

Apart from unscrupulous traders hiking prices following the minimum wage increase, other factors such as last year's devastating floods which impacted food production and its supply chain and the rise in world fuel prices have also contributed to the rising cost of living in this

country.

This does not include the government's plan for a minimal increase in electricity tariff starting this month.

The Bank of Thailand projected inflation at 3.7 per cent over the next 12 months, up from 3.5 per cent in February.

According to the Trade and Economic Bureau, Ministry of Commerce, the prices of food items have increased by seven per cent last March on a year-on-year basis, vegetables and fruits went up by 10.41 per cent, while meat, poultry and fish by 3.75 per cent.

Services such as transportation and communication increased by 0.63 per cent, housing and furnishing 2.28 per cent, and medical and personal care 1.12 per cent.

The increases appear insignificant on paper but translate into a big difference for the people on the ground, with complaints that road side stalls priced 35 Baht to 40 Baht for a plate of noodles which used to be 30 Baht, while rice with a single side dish now costs 40 Baht to 50 Baht, up from 25 Baht to 30 Baht.

Many feel that they have not benefited from the minimum wage hike as it was offset by the rising cost of living but from the government's point of view the workers are in a better position to face the situation with the pay rise.

In making ends meet, Arree, the cleaner, has to borrow from neighbours occasionally as her two sons aged 30 and 38 years are also in the low-income bracket.

"I borrow from my neighbours sometimes, they charge 10 per cent interest per month. It is cheaper than loan sharks who charge minimum 20 per cent monthly," she said.

National Congress of Thai Labour, trade union federation, chairman, Manus Kosol, was concerned that some employers would try and avoid the minimum wage increment by incorporating all allowances and other welfare benefits into the new wage.

This includes meals and accommodation allowances as well as tips given by customers.

According to the Thai Labour Reconciliation Committee, less than half of the workers in the seven provinces have been paid the 300 Baht minimum wage last month after the new policy took effect.

The committee said employers took advantage of staff by not paying the full amount and deducted tips, meal and accommodation from their wages.

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