

Minimum wage in Thailand

Thailand started to have the minimum wage laws since 1973. In the year 1972, the Ministry of Interior (who respond for overseeing the labour at that time) was assigned by the government, to design the minimum wage rate by establishing the Wage Board which is a Tripartite Committee to response for determining the minimum wage rate. The first minimum was announced at the rate of Thai Baht 12 per day, effective from 17 April 1973. The minimum wage at first was effective in 4 provinces, namely Bangkok, Samut Prakan, Nonthaburi and Pathum Thani, which were important industrial areas at that time. On June 14, 1974, the enforcement area was increased by 2 provinces (Samut Sakhon and Nakhon Pathom) to a total of 6 provinces and has extended the enforcement throughout the country from October 1, 1974 onwards.

Initially having a minimum wage in Thailand, the law provides the definition of the minimum wage as "the wage rate that helps workers along with 2 other family members to have sufficient income to spend in dignity living as a human being in society ". In 1975, the government changed the definition of the minimum wage to mean "the wage rate that is required by the employee alone as needed by a single employee (excluding family members) to be able to survive" which is used until present.

The Wage Committee, a tripartite organization, consisting of 5 representatives of employers, employees and government, has the authority to set minimum wage rates. Other than the wage committee, there is a Wage Sub-committee in each province to propose the minimum wage rate in their provinces to the committee. Moreover there is also an Academic and Screen Committee to scrutiny the proposal of the Provincial Wage Sub-committee before proposing to the Wage Committee for determining the minimum wage rate. In determining the minimum wage, the committee and sub-committee will have 3 frameworks for consideration:

- (1) The cost of living of the employee based on inflation, standard of living that should be including other wages;
- (2) Employer's ability to pay by looking at the cost of production, business profit and labor productivity;
- (3) Economic and social conditions which is considered from the rate of economic growth and the overall economic and social condition.

It also takes into account the impact of wage adjustments and other factors as appropriate.

The minimum wage rate does not apply to central government, provincial, local government, state enterprises, domestic workers or domestic workers, employees

who work for non-profit organization, workers in loading or unloading vessels, home worker, and workers who are employed in agriculture sector.

In addition to the minimum wage rate Thailand, the Wage Committee has still stipulated a standard rate of skilled labor which the employer has to pay to the employee who has passed the standardized skill test in different professions at each level too.

The current minimum wage rate is effective on January 1, 2020; there are 10 groups of provinces in different provinces with 10 minimum wage rates. Lowest rate is THB 313 per day; highest is THB 336 per day, according to the economic conditions and cost of living in each group of provinces. The provinces with the highest minimum wage at THB 336 per day are Chon Buri and Phuket; followed by Rayong is THB 335 per day. Bangkok and its surrounding provinces (Nakhon Pathom, Nonthaburi, Pathum Thani, Samut Prakan and Samut Sakhon) is THB 331 per day. The provinces with the lowest minimum wage rates are the 3 southern border provinces (Narathiwat, Pattani and Yala) which is THB 313 per day.

Even though the minimum wage in Thailand has been adjusted continuously from THB 12 in 1973 to THB 313 THB 336 in 2020, there still are some issues. The employees have always claimed that the minimum wage is not sufficient to their living; product prices and cost living tend to increase more than the minimum wage. Increment of minimum wage in Thailand is also affected to labour mobility from surrounding neighbor countries to get higher pay; while some industries and investments have been moved from Thailand to other countries to gain lower wage rate. Skills of labour have not been developed enough compared with the increment rate. Minimum wage on standard of skills and skills certification are not widely used. Minimum wage is not enforced to the informal sector i.e. domestic workers, employees in agriculture, etc.; some of them asked for minimum wage enforcement in their sectors.

In summary, even the representatives from the employers, employees and government are equal in number but it seems the government still has more power on determination of minimum wage. Actually the government should focus more on controlling the cost of living in the country; enlarge and enforce the implementation of minimum wage to ensure payment of wage is not less than minimum wage wherever there is an employment; promote and enlarge of skills base wages; promote implementation of salary/wage structure including salary/wage management in the enterprises; promote skills development to balance labour productivity and the increment of salary/ wages in order to increase the national competitiveness.