

MINIMUM WAGES DATABASE SUMMARY

1) **The determination mechanism. How the minimum wage is fixed.**

This question has been separated into two sections in the database:

- Procedure; and
- Organs to be consulted.

A. Procedure

The type of minimum wage the country has implemented is briefly summarized. There may be one rate establishing the minimum rate that can be paid to any worker regardless of the type of work they carry out. This rate may apply nationwide or vary regionally. In other countries, multiple rates may be set that vary according to sector or occupation. In some countries a combination of these two systems is used.

The procedure section also sets forth whether the minimum wage is set by the government or a public authority, or by collective agreements entered into between the social partners. No two countries are exactly the same and in some cases a reasonably long explanation of the system is provided here. E.g. Australia and Germany.

B. Organs to be consulted

The section begins with a summary of who is consulted during the fixation process. This will be either: a bi or tripartite committee; the social partners directly; or there will be no obligation for consultation.

This section also provides the user with more detail regarding exactly which bodies must be consulted. For the social partners, independent persons and the government, a yes/no box is provided stating whether there is a legal obligation that they must be consulted during the minimum wage fixing process.

2) Coverage

The user can see immediately that this category may be expanded by virtue of the + symbol. The first sub-heading is scope. This includes a brief summary of the workers the minimum wage legislation applies to. More detail is provided within the following sub-headings.

- a) Different minimum wage by occupation
Yes/No – If Yes, an explanation of the occupations covered has been provided.
- b) Different minimum wage by sector
Yes/No – If Yes, an explanation of the sectors covered has been provided.
- c) Different minimum wage by region
Yes/No – If Yes, an explanation of the regions covered has been provided.
- d) Categories of workers with specific minimum wage levels
Often workers such as trainees, youth and the disabled are subject to lower minimum wage rates. When this is the case, a note has been included here.
- e) Specific categories of workers covered by the minimum wage
In certain countries the legislation clearly states that the minimum wage provisions apply to specific workers such as piece rate workers and contractors [e.g. Botswana and Bulgaria].
- f) Categories of workers excluded
Often specific workers sectors or occupations have been entirely excluded from all minimum wage provisions. Where this is the case a note has been included here.

3) Criteria

Each time a country's legislation stipulates that any of the following criteria must be taken into consideration, a note has been made.

- Social factors including: needs of workers and their families; cost of living; level of wages and incomes in the country; social security benefits.
- Economic factors including: economic development; productivity; level of employment; capacity of employers to pay; inflation rate.

In addition, any other criteria referred to is included within the final category 'other provisions'.

4) Level

- Minimum wage rates for unskilled adult workers are provided in local currency, \$US and \$PPP. Minimum wage rates can vary according to occupation/sector/region and in some cases, rates may also vary according to factors such as age, qualification level etc.. In order to provide a complete picture, in countries where there is more than one minimum wage rate, a minimum and maximum level has been included. The minimum is the lowest rate applicable to an unskilled adult worker across all sectors/occupations/regions etc.; the maximum refers to the highest rate applicable to an unskilled adult worker.
- Minimum wage rates have been converted to \$US using the average exchange rate for 2003¹. Rates are also expressed in terms of purchasing power, using the purchasing power parity factors elaborated by the World Bank (\$PPP) for 2003 unless otherwise noted. For example, the monthly minimum wage in Turkey is TL 441,000,000. This is equal to \$US 293.83 and \$PPP 590.93, which means that a worker receiving the minimum wage in Turkey and living alone has the same standard of living as a person living in the United States and earning \$US 590.93 per month.
- In addition to providing minimum wage rates in national currency, \$US and \$PPP; the level section also provides information on whether wages may be paid in kind, and in particular whether an allowance provided in-kind can result in a worker receiving less than the relevant minimum wage rate. Finally, the level section includes information concerning the payment of the minimum wage: whether it should be calculated on an hourly, daily, weekly, monthly or other basis.

5) Frequency of adjustment

Many countries stipulate how frequently minimum wage rates should be adjusted. This is included here, along with a note of those countries that do not appear to have any legal provisions establishing how frequently minimum wage rates must be adjusted.

6) Enforcement

This section sets forth the bodies, such as labour inspectorates, that ensure compliance with minimum wage legislation. It also provides the amount of any fines that may be applied in the event of non-compliance, along with any other penalties that may be levied such as imprisonment.

¹ Source: Economic Intelligence Unit