

# EMPLOYMENT LAW ALERT

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CLIFFE DEKKER HOFMEYR

INCORPORATING  
KIETI LAW LLP, KENYA

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### Global increase trends in the minimum wage rate

There is no universal approach to a minimum wage, or a set appropriate level of a minimum wage. This could perhaps explain why countries such as Austria, Belgium, Denmark, Finland, Italy and Norway do not have a set national minimum wage. Minimum wages are usually laid down by sectoral collective bargaining agreements. Even with negotiated agreements, not every employee will be automatically entitled. In countries such as the UK, Ireland and Malta, the national minimum wage is determined by age.



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AND SERVICES

## Global increase trends in the minimum wage rate

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Minimum wages in other countries are determined regionally or per province, this includes countries such as China, Indonesia, Japan and Vietnam. Countries such as Sweden, Switzerland and the UAE do not have set minimum wages.

The introduction of a minimum wage in South Africa gained traction in 1999. This followed calls by organised labour for the introduction of a minimum wage from at least 1994, and the Congress of South African Trade Unions' lobbying in 1997. However, it was only in January 2019 that the National Minimum Wage Act 9 of 2018 was introduced. The national minimum wage was initially set at a rate of R20 per hour, or R3,500 per month, depending on the number of hours worked. Since then, the amount increased to R20.76 in March 2020, and R21.69 in March 2021. By 1 March 2022, this amount was adjusted to R23.19, about a 6.9% increase from 2021. The global rise in

inflation has seen various jurisdictions all over the world raise their minimum wage. The increase characterises decelerated global economic growth, rising inflation and the consequent rise in the cost of living.

### RECENT GLOBAL INCREASES

One of the notable increases has been observed in the UK, which increased its national minimum wage in April 2022, and is expected to do so again in 2023. Poland has planned two increases throughout 2023, from PLN 3,010/month to PLN 3,490/month in January 2023, and PLN 3,600 by July 2023. Malaysia has increased wages for both employees and gig economy workers, which is set to rise again in January 2023. The European Council adopted a directive which seeks to ensure adequate minimum wages across member states by strengthening collective bargaining protections and requiring reporting on minimum wages.

## 2022 RESULTS

**CHAMBERS GLOBAL 2014 - 2022**  
ranked our Employment Law practice in Band 2: employment.

**Aadil Patel** ranked by  
**CHAMBERS GLOBAL 2015 - 2022**  
in Band 2: employment.

**Fiona Leppan** ranked by  
**CHAMBERS GLOBAL 2018 - 2022**  
in Band 2: employment.

**Imraan Mahomed** ranked by  
**CHAMBERS GLOBAL 2021 - 2022**  
in Band 2: employment.

**Hugo Pienaar** ranked by  
**CHAMBERS GLOBAL 2014 - 2022**  
in Band 2: employment.

**Gillian Lumb** ranked by  
**CHAMBERS GLOBAL 2020 - 2022**  
in Band 3: employment.



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## Global increase trends in the minimum wage rate

CONTINUED

In the US, President Joe Biden issued a statement on 28 January 2022 stating that nearly 70,000 federal workers would immediately start to earn USD 15 an hour, and 300,000 employees of federal contractors would see a raise to USD 15 an hour later this year.

The following jurisdictions have also increased (or are in the process of increasing) their national minimum wage:

- Argentina: The mandatory minimum wage for Argentinean workers is currently ARS 42,240/month and is increasing to ARS 45,540/month as of 1 December 2022
- Australia: Mandatory minimum wage for Australian workers is AUD 21.38/hour as of 1 July 2022
- Brazil: BRL 1,212/month
- Canada: Set at CAD 15/hour for federally regulated employees
- China: Minimum wage in China varies by province/region (Shanghai has the highest monthly minimum wage among 31 provinces at RMB 2,590)
- Egypt: National minimum wage for the private sector is EGP 2,400/month, while the minimum wage for government employees is now EGP 3,000/month
- France: EUR 11.07/hour
- Germany: Statutory minimum wage increased to EUR 12/hr on 1 October 2022. The minimum wage for "mini-jobs" increased to EUR 520/month
- Greece: Minimum wage is EUR 713/month for employees and EUR 31.85/day for manual workers as of 1 May 2022
- Hong Kong: HKD 37.50/hr
- Israel: NIS 5,300/month
- Malaysia: RM 1,500/month as of 1 May 2022 for all employees paid a basic wage and pieceworkers
- Mexico: Northern Border Free Zone general minimum wage MXN 260.34/day. Rest of the country general minimum wage MXN 172.87/day
- Pakistan: Federal minimum wage is set at PKR 25,000/month as of 1 July 2022
- Portugal: EUR 705/month
- Qatar: QR 1,000/month
- Russia: National minimum wage is determined against a subsistence minimum amount, which is proposed to increase to RUB 12,654/month in 2022

## Global increase trends in the minimum wage rate

CONTINUED

- Saudi Arabia: SR 4,000/month
- South Korea: KRW 9,160/hr
- Spain: EUR 1,000/month
- Taiwan: TWD 26,400/month as of 1 January 2023
- Thailand: THB 328 – THB 354/day average (varies by province)
- Turkey: TRY 5,500/month (net)
- USA: The federal minimum wage for covered non-exempt employees is USD 7.25 per hour

Concern remains over the impact of a high minimum wage on job security. Its role in averting the exploitation of vulnerable workers and reducing wage inequality cannot be overstated.

According to the Studies in Poverty and Inequality Institute, Labour Research Service and South African Social Policy Research Insights, the average South African needs to earn at least R7,911 per month in order to maintain a decent standard of living. A minimum wage alone cannot eradicate poverty. This has prompted calls for the introduction of a living wage, especially as the cost of food, water, education, healthcare, transport, clothing and other essentials continue to rise.

**PHETHENI NKUNA AND  
MBULELO MANGO**



The Legal 500 EMEA 2022 recommended our **Employment practice** in **Tier 1** for employment.

The Legal 500 EMEA 2022 recommended **Fiona Leppan** and **Aadil Patel** as leading individuals for employment.

The Legal 500 EMEA 2022 recommended **Hugo Pienaar, Gillian Lumb, Anli Bezuidenhout, Imraan Mohamed, Jose Jorge and Njeri Wagacha** for employment.



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**BBBEE STATUS:** LEVEL ONE CONTRIBUTOR

Our BBBEE verification is one of several components of our transformation strategy and we continue to seek ways of improving it in a meaningful manner.

**PLEASE NOTE**

This information is published for general information purposes and is not intended to constitute legal advice. Specialist legal advice should always be sought in relation to any particular situation. Cliffe Dekker Hofmeyr will accept no responsibility for any actions taken or not taken on the basis of this publication.

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