

# National Minimum Wage effective 1 January 2019

The proclamation of the long awaited National Minimum Wage is a victory for workers, said President Cyril Ramaphosa.



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The President on Friday made the announcement that the national minimum wage would come into effect on 1 January 2019.

“We have gathered here to declare that from the 1st of January 2019, no worker may be paid below the national minimum wage,” he told those attending the ceremony in Kliptown, Soweto.

Work on the national minimum wage this was so as to fulfil the 1955 Congress of the People declaration made in 1955 that there would be a minimum wage for all workers.

South Africa said President Ramaphosa had now gathered at the venue where the declaration was made more than six decades later, to fulfil that promise.

“This is a great achievement for the working people of South Africa, who have had to endure generations of exploitation.”

“It is a great achievement for the labour movement, which has placed this fundamental demand at the centre of its struggle for better conditions for workers,” said the President who founded the National Union of Mineworkers (NUM) with James Motlatsi and Elijah Barayi in 80s and became the union’s first General Secretary.

He added that the minimum wage - which is currently set at R20 an hour - should also be seen as an achievement for business as it demonstrates the commitment of employers to fairer wages and better working conditions.

The coming into effect of the minimum wage is also an achievement for young democracy like South Africa which is striving to overcome a legacy of poverty and severe inequality.

The ceremony was also seen as the culmination of several years of intense deliberations among the social partners.

The President’s comments were echoed by Business Unity South Africa (BUSA) chief executive officer Tanya Cohen who said the Ekurhuleni Declaration of 4 November 2014, highlighted the importance of the minimum wage.

She said the minimum wage of R20 an hour translating to R3,500 a month is a South African crafted product uniquely designed for the country’s circumstances and needs.

She said the proclamation of the minimum wage is a step in the right direction for the South African economy.

“Rating agencies have consistently said to us that they want to see a stable labour market environment which goes hand in hand with a solid and growing economy. The fact that we’ve signed off on the minimum wage, it’s really regarded as credit positive,” she said.

The design of the minimum wage took into consideration the context and difficulties that different types of business whether large or small face as well their ability to afford the minimum wage.

Meanwhile, Cosatu President Zingiswa Losi said organized labour welcomes the minimum wage, saying it is a historic achievement for workers.

“The minimum wage and labour acts are historic achievements for workers. They are a result of decades of struggle by workers, the national minimum wage will see the wages of 6.4 million of the most vulnerable workers including retail, and other impoverished workers rising. This is equal to 47% of workers, in simple terms half the nation will benefit from this directly,” she said, adding that it will effect a massive economic stimulus for the local economy.

The minimum wage would put more money into workers pockets at a time when workers are facing a 1% VAT increase (to 15%) as well as rising price increases coupled with increasing levels of unemployment and retrenchments, she said.

“We look forward to see laws come into effect,” said Losi who also urged government to act without fear or favour against employers who pay workers below the minimum wage.

She said labour would push for the introduction of a living wage.

President Ramaphosa said the national minimum wage does not stand alone and that it’s part of a broader engagement among social partners on how to reduce wage inequality and promote labour stability in South Africa.

“We have heard the voices of those who say the starting minimum wage level of R20 an hour is too low. We agree. It is far below what we would want workers to earn,” he said.

He added that it was a starting level as evidence showed that it would not lead to widespread layoffs.

Labour Minister Mildred Oliphant said the minimum wage will not replace the minimum wages that have already been agreed

to, through the collective bargaining agreements.

“The national minimum wage will replace only the minimum wage in the sector if that minimum wage is less than the national minimum wage that should be clear,” she stressed, adding that there are people who will benefit from the wage.

“They will benefit, particularly those who are still earning far less than the proposed R20 an hour, there is a sector that will benefit immensely being the hospitality industry, where you find that workers are only earning through tips,” she said.

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