

Recommended national minimum wage increase

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The National Minimum Wage Commission (Commission) recently published a report with recommendations on the annual review of the national minimum wage for 2021. This is in line with the Commission's overall mandate under section 6 of the National Minimum Wage Act 9 of 2018 (NMWA).



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The Commission's report highlights that the NMWA was introduced to ensure more equitable pay structures for employees. This means that there will be an increase in costs for employers but this must be viewed against the broader benefit in society of more equitable workplaces and remuneration systems. Employers who cannot afford to pay the national minimum wage to employees remain entitled to apply for an exemption under the NMWA.

In determining the annual adjustment of the national minimum wage, the Commission is required to consider the following criteria:

- the alleviation of poverty and reduction of wage differentials and inequality; and
- a range of actual and potential economic impacts of the adjustment (inflation, the cost of living and the need to retain the value of the national minimum wage; wage levels and collective bargaining outcomes; gross domestic product; productivity; ability of employers to carry on their businesses successfully; the operation of small, medium and micro enterprises and new enterprises; and the likely impact on employment or employment creation).

The main recommendations made by the majority of the Commission are as follows:

Recommendation 1: The national minimum wage is increased by 1.5% above inflation (i.e. 4.5%) as measured by the consumer price index for 2021

Recommendation 2: The minimum wage for farmworkers be aligned to the national minimum wage for 2021

Recommendation 3: The minimum wage for domestic workers be gradually increased to equal the national minimum wage by 2022

Following this report, the Commission has invited any interested parties to make written representations to the Directorate of the Commission by 20 December 2020.

The national minimum wage figures as they currently stand are:

- All workers - R20.76 per hour
- Farm workers only - R18.86 per hour
- Domestic workers - R 15.57 per hour

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