

New minimum wage from 1 March 2021

<http://www.labour.gov.za/employment-and-labour-minister-tw-nxesi-announces-minimum-wage-increases>

Employment and Labour Minister TW Nxesi announces minimum wage increases

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Employment and Labour Minister TW Nxesi has announced that the National Minimum Wage (NMW) for each ordinary hour worked has been increased from R20,76 to R21,69 for the year 2021 with effect from 01 March 2021.

The NMW legislation in South Africa came into effect on 01 January 2019 at a level of R20 per hour. In terms of the NMW Act of 2018, the policy framework is a floor level below which no employee should be paid.

It is illegal and an unfair labour practice for an employer to unilaterally alter hours of work or other conditions of employment in implementing the NMW. The NMW is the amount payable for the ordinary hours of work and does not include payment of allowances (such as transport, tools, food or accommodation) payments in kind (board or lodging), tips, bonuses and gifts.

The Act of 2018 requires that the NMW Commission review the rates annually and make recommendations to the Minister on any adjustment of the national minimum wage, while also reflecting on alternative views, including those of the public.

In considering the annual adjustment, the Commission consider the following factors: inflation, the cost of living, and the need to retain the value of the minimum wage; gross domestic product; wage levels and collective bargaining outcomes; productivity; ability of employers to carry on their businesses successfully; the operation of small, medium or micro-enterprises and new enterprises; likely impact of the recommendation adjustment on employment or the creation of employment.

Following a transitional phase, the farm worker sector has been aligned with the NMW rate of R21,69 per hour. The domestic workers sector will be entitled to R19,09 per hour and could be expected to be aligned with the NMW when the next review is considered.

Workers on expanded public works programme are entitled to R11,93 per hour and workers who have concluded learnerships agreements are entitled to allowances as determined by the national qualifications framework level.

In line with the Basic Conditions of Employment Act (BCEA), the increase in the NMW will mean that wages prescribed in the sectoral determinations that were higher than the NMW at its promulgation, must be increased proportionally to the adjustment of the national minimum wage. Therefore, the Contract Cleaning; and Wholesale and Retail Sector will also have their wages upwardly adjusted by 4,5 percent.

The tables for the adjustments to the Contract Cleaning, Wholesale and Retail sectors, and learnership allowances rates are available on the departmental website www.labour.gov.za.

In another development, the Minister has also, in terms of the BCEA earnings threshold, revised the rate from R205 433.30 to R211 596.30. The chapter 2 of the Act deals with the regulation of working time, limit on the duration of an employee's working week and to prescribe a rate at which an employee should be paid to work outside normal working hours among others.

Employees that earn in excess of this rate per annum are excluded from sections 9, 10, 11, 12, 13, 14, 15, 16, and 17(2) and 18(3) of this Act from 01 March 2021. These sections protect the vulnerable employees and regulate amongst others, hours of work, overtime, compressed working time, average hours of work, meals interval, daily and weekly rest period, pay for work on Sundays, night work, and work on public holidays.

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