



NEWSFLASH NATIONAL MINIMUM WAGE

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11 December 2020

National minimum wage

Dear LWO Member

Despite the weak state of the South African economy, as well as the impact of the Coronavirus (COVID-19) and negative effect of the lockdown on employers' financial position, the National Minimum Wage Commission (NMWC) made a recommendation to the Minister of Employment and Labour to increase the current national minimum wage with effect from **01 March 2021**. Until this is officially announced in the government gazette, employers must continue to comply with current legislation with regards to industry specific minimum wages.

The NMWC's recommendation is to link the increase of the national minimum wage to the consumer price index (CPI) plus 1,5%. The CPI as of September 2020 was 3,0% and the NMWC submitted that the CPI will likely be 2,5% - 3,0% in January 2021. **The national minimum wage increase is consequently calculated at 4,5% and entails an increase of the current national minimum wage of R20.76 per hour to R21.69 per hour.** Herewith attached is the NMWC's full report and recommendation.

Agricultural sector

The **agricultural sector** currently receives exemption to only pay 90,0% of the national minimum wage. This exemption expires and the NMWC's recommendation is to equalise the minimum wage for farm workers with the national minimum wage of 2021. This calculates to a **16,1% increase** of the current minimum wage of R18.68 per hour to **R21.69 per hour**. Employers in the agricultural sector should take note that domestic workers on a farm are regarded as farm workers and must receive the correct wage.

Domestic worker sector

The **domestic worker sector** currently receives exemption to only pay 75,0% of the national minimum wage. The NMWC's recommendation is to adjust the exemption to 88,0% of the national minimum wage of 2021. This calculates to a **22,6% increase** of the current minimum wage of R15.57 per hour to **R19.09 per hour**. The NMWC further recommends to equalise the minimum wage for domestic workers with the national minimum wage of 2022.

The LWO is in the process of making representations to the Department of Employment and Labour and invites members to comment on the NMWC's recommendation. Comments must be sent directly per e-mail to unathi.ramabulana@labour.gov.za by **20 December 2020**.

Please feel free to contact us at **086 110 1828** for advice in this regard, or if you require any assistance in this matter. We are available 24/7.

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