National Minimum Wage Input Report

October 2024

Acknowledgements

The Department of Employment and Labour would like to extend gratitude to all the stakeholders who continue to contribute their inputs and submissions. This report would not have been as impactful without the contributions and engagement of the public, the inputs from employer organisations, organised labour and interested parties are invaluable.

Table of Contents

Acknowledgements 1
LIST OF ACRONYMS 4
1. Introduction 6
2. Written submissions 8
2.1 Employer organisations / Business representatives 8
2.2 Trade unions submissions. 20
2.3 Interested parties 23
3. Conclusion and recommendations 28

List of tables

Table 1: Annual national minimum wage increases, 2019-2024 6
Table 2: Submissions by employer organisations/business representatives 8
Table 3: Submissions by trade unions 20
Table 4: Submissions by trade unions 23

LIST OF ACRONYMS

AGBIZ	Agricultural Business Chamber of South Africa
AGRI LETABA	Agriculture Letaba
Agri-SA	Agriculture South Africa
AWC	Agri Western Cape
CCCI	Cape Chamber of Commerce and Industry
CGCSA	The Consumer Goods Council of South Africa
CGE	Commission for Gender Equality
CWAO	Casual Worker's Advice Office
COSATU	Congress of South African Trade Unions
CEO	Consolidated Employers Organisation
CPI	Consumer Price Index
DA	Democratic Alliance
ECC	The Employment Conditions Commission
FMD	Foot-and Mouth Disease (FMD)
FSA	Free State Agriculture
GDP	Gross Domestic Product
GIWUSA	The General Industries Workers Union of South Africa
GG	Government Gazette
HORTGRO	Deciduous Fruit Grower
KWANALU	KwaZulu-Natal Agricultural Union
IRR	Institute of Race Relations
NCCA	National Contract Cleaners Association
NEASA	National Employers of South Africa
NUMSA	The National Union of Metalworkers of South Africa
NMW	National Minimum Wage
NMWC	National Minimum Wage Commission
PEASA	Proactive Employers Association of South Africa

RA	Retail Association
SAIA	The South African Insurance Association
(SA)UEO	South African United Commercial and Allied Employers' Organisation
SAYEC	South African Youth Economic Council
SMIEO	Services and Manufacturing Industry Employers Organisation
SERI	Socio-Economic Rights Institute of South Africa
VINPRO	South African wine grape producers, cellars and wine-related businesses
WFP	Women on Farms Project

1. Introduction

South Africa has been forthcoming in efforts to ensure the protection of vulnerable workers and has over the years put in place acts and legislations and sectoral determinations to set minimum wages. In, 1999, the Employment Conditions Commission (ECC) was established to advise the Minister of Employment and Labour on the adoption of feasible basic conditions of employment, including sectoral determinations. The aim of the ECC was to protect vulnerable workers in the South African labour market. The ECC ceased to exist upon the promulgation of the National Minimum Wage Act of 2018. The National Minimum Wage Commission (NMWC) was formed in place of the ECC. The primary function of the NMWC is to review the national minimum wage and to recommend for its adjustment annually. It further has ancillary functions such as investigating the impact of the national minimum wage on the economy, collective bargaining and income differentials.

The National Minimum Wage (NMW) is the minimum amount of remuneration that an employer is required to pay wage earners for the work performed during a given period. The NMW Act is a labour market policy that broadly seeks to protect workers against unduly low pay, while also striving to curb poverty and inequality. The National Minimum Wage Commission is established in terms of Section 8 of the National Minimum Wage Act, No. 9 of 2018. The NMWC comprises of representatives from organised labour, business, community and experts in the field of labour market and conditions of employment. In terms of the Act, the NMWC is tasked to review the national minimum wage annually and recommend adjustments; investigate and report annually to the Minister on the impact of the national minimum wage on the economy, collective bargaining and the reduction in income differentials and make such information available to the public. The commission deliberates annually and recommends the possible adjustment of the NMW to the minister of Employment and Labour. The increases to the NMW since its promulgation have been as follows:

Table 1: Annual national minimum wage increases, 2019-2024

Year	%	Rand value
2019	-	R20
2020	3,8%	R20,76
2021	4.5%	R21,69
2022	6.95%	R23,19
2023	9.6%	R25,42
2024	8.5%	R27,58

It is for this reason that the Commission sought submissions from the public, labour and business. The Chairperson of the National Minimum Wage Commission (Commission) published, by way of the Government Gazette (GG), an invitation for written representations was published on the 20th of August 2024. All submissions were received via the Department of Employment and Labour email address.

Forty two (42) organisations; thirty (30) employer organisations, four (4) trade unions and eight (8) interested parties submitted their written submissions, and were categorised as follows:

- Business/ Employer representative
- Trade union representative
- Interested party/ NGO

This report provides a summary of the written submissions from the various organisations, trade unions and interested parties, and is presented to the National Minimum Wage Commission to aid in the deliberation process of the annual wage review. While the report may not include written submissions verbatim, careful regard is given to reflect the respondents' key factors and concerns as best as possible.

2. Written submissions

2.1 Employer organisations / Business representatives

This section of the report presents the responses from various employer organisations and business representatives. Table 2 presents the submissions, summarizing key proposals, the percentage proposed and the rationale given by the organisations.

Table 2: Submissions by employer organisations/business representatives

Organisation	Proposal	Proposed %	Rationale
1. AGBIZ	Agbiz recommends that an average 12-month average CPI be considered for the purpose of the review of the national minimum wage. Agbiz proposes that a study be conducted to shed insights on the correlation between unemployment and the level at which the minimum wage is set	An adjustment in line with the Consumer Price Index (CPI). This must be a 12-month average CPI	The industry has experience biosecurity threats, such as African Swine Fever and the outbreak of Foot-and Mouth Disease (FMD). Inefficiencies at ports, load-shedding and high interest rates and extreme weather conditions have placed strain on the agricultural sector. Escalating expenses for businesses may compel some employers to make the difficult decision of downsizing their workforce. There is limited comprehension regarding any correlation between the level of the minimum wage and unemployment.
2. Agri Eastern Cape	Limiting the NMW increase to below CPI.	Below CPI	The recent drought in the 2023 – 2024 summer crop, poorly maintained road infrastructure, weak municipal service delivery, persistent animal disease challenges and heightened geopolitical tensions remain the primary concerns for the agricultural sector. The sector is also facing a high input cost and financing cost.
3. Agri Letaba	Allow for a smaller base minimum wage, but with a reward system in place based on productive workers, workers with experience. Consideration for alternative remuneration scales for different skills and levels of employment.	An increase of 4.5% - in line with the targeted inflation rate.	The words 'Food Security' are on everybody's lips and yet, decisions made so often are in direct conflict of this 'Food security for all' dream. From 2013 – 2023 there has been a 74% increase in the National Minimum Wage. This is unsustainable and it has been seen in the Quarterly and Annual Labour surveys. The increase in unemployment within Limpopo over the last 6 years (2019 – 2024) has been 11.22% After a survey done in the Letaba area. Shipping times to the European Union have increased by 70%, from 3 weeks in the 1990's, to 5 – 7 weeks nowadays. These increases are due to the failures of government in managing and maintaining our port, road and rail infrastructure. This has affected competitiveness of the industry. Recent occurrences of damage due to drought, hail, fire and frost leads to multiple years' worth of damages to production. The worldwide economic slump and the wars in the Middle East and Ukraine puts significant pressure on European

			consumer spending, which leads to decreased demand for commodities such as avocados, citrus and other fruit. Lingering impact of electricity load-shedding, drought and COVID-19. Game and Livestock farming is a labour-intensive industry and high cost demands for daily task and security issues. Timber industry - The profitability of the forestry industry gradually decreased over the past few years due to rising external cost factors such as labour, fuel, mechanisation, electricity (including higher winter tariffs) and load shedding and high interest rates, climate change. Entry level workers received the same wage as experienced workers. This could lead to mechanisation and cutting of work hours. Farmers must bear the cost of decisions made by Government, yet there is little to no support from Government when needed.
4. Agriculture Mpumalanga (Agri Mp)	AgriMP recommends that increase of the NMW must not be more than the official CPI index at the end of January 2025.	Not more than CPI	Employers did do everything in their power not to lay off workers. However, where workers resigned, they were not replaced. In an attempt to function within the farm's wage budget, without laying off workers, working hours also had to be drastically reduced in many cases. The agricultural sector competes with other sectors for skilled and trained workers. Market forces therefore determine the wage for a skilled worker who adds value to the business. A weak exchange rate against international currencies has a significant negative influence on input costs of chemicals, diesel, machinery, implements and spare parts. The primary agricultural sector is generally price takers and not price makers for agricultural products
5. Agri Western Cape	NMWC to take cognisance of the in-kind benefits that agricultural workers receive (Agricultural employers generally provide transport to its workforce free of charge and provide housing at a subsidised rate)	Agri Western Cape recommends that the NMW increase be capped at not more than the inflation rate, in order to allow for a stabilisation period until employment opportunities get back on track.	The cost of transport and housing that agricultural workers is exempted from paying and/or receive at a subsidized rate can be compared to minimum wage earners in other sectors Although the previous NMW Annual Review report 2023, page 12, stipulated that "The NMWA also mandates the Commission to carefully consider South Africa's prevailing economic affairs", and that "Specific considerations are given to: Productivity" (amongst others), no mention was further made about productivity as one of the seven main factors that has to be considered in the review. The 2023 review was incomplete and that the Commission had not "Carefully considered South Africa's prevailing economic affairs" to the extent that is required by the NMW Act.

			Agri WC is concerned that the low and deteriorating productivity levels, coupled with yearly above-inflation increases in the NMW might eventually lead to increased mechanisation and job losses. Since the formation of the Government of National Unity (GNU), the Index has improved to 48 points in Q3 2024. While the improvement in ACI is encouraging, it is below the neutral 50-point mark, implying that South African agribusinesses remain somewhat concerned about business conditions Western Cape was impacted by various negative externalities, which include a pandemic, geopolitical tensions, animal diseases and several climate extremities. The latter include severe droughts, which peaked between 2015 and 2018, and flooding in 2021, 2023, and 2024. Following the drought, the global Covid-19 pandemic and the Russia-Ukraine war added further strain Load-shedding was only suspended in the second quarter of 2024. Although electricity supply has since improved, high electricity costs continue to burden the sector, especially the energy-intensive sub-sectors. Agri WC maintain that the official headline unemployment figures understate the true scope of the nation's unemployment catastrophe, regardless of the precise data.
6. Business Unity South Africa (BUSA)	With a view that ae economy is still recovering, and businesses face many challenges beyond their control, BUSA recommends a CPI increase for 2025. BUSA supports the proposed methodology for consistently applying CPI. Therefore, using an average CPI over 12 months, such as a weighted annual average, can provide a more stable and predictable reference point for setting the minimum wage. This will smooth out short-term fluctuations and provide a broader perspective on inflation trends, creating stability and predictability	CPI-linked increase	A CPI-based adjustment delivers a high level of predictability in wage increases, which is essential for businesses to engage in long-term financial planning and investment. Higher labour costs may encourage companies to adopt automation technologies rapidly. Above CPI increases in wage costs may make South African businesses less competitive globally, potentially resulting in decreased foreign investment and job losses Unsustainable wage increases could drive more businesses and workers into the informal sector, reducing tax revenues and diminishing worker protections. SMMEs often operate in highly competitive markets, and raising prices to offset higher wages may not be practical for some sectors. As labour costs rise, these enterprises may find it challenging to remain competitive. This situation could result in consolidation within industries, forcing smaller businesses out of the market and ultimately diminishing competition and innovation over the long term.

			In labour-intensive industries like agriculture, domestic work, and hospitality, businesses have responded by adjusting their operations, cutting costs in other areas, and passing these higher costs on to consumers. A CPI-based wage adjustment offers businesses a systematic method for implementing salary increases directly correlated with inflation trends.
7. CAPE AGRI EMPLOYERS' ORGANISATION	To facilitate proper planning and budgeting, we urge that any increase effective from March 1, 2025, be announced no later than the end of December 2024. This would provide businesses with sufficient time to prepare and adapt to the new wage requirements We suggest that the evaluation of minimum wage adjustments consider the total compensation package, including non-monetary benefits. This comprehensive approach would provide a more accurate reflection of the overall remuneration and ensure that adjustments are fair and equitable.	We propose that the NMW should not be increased beyond the Consumer Price Index (CPI).	Most, if not all, of our members provide incentives above the National Minimum Wage (NMW). Few farms, if any, do not offer benefits such as housing, transport, crèches, sports, and other facilities. However, due to previous above-CPI increases, some of these benefits are being phased out Our members only pay the NMW for the lowest-level employees. An increase in the NMW above the CPI would create a domino effect, impacting all wage categories. We have observed an increase in seasonal employment since the introduction of the NMW, a trend that is likely to continue. This trend negatively impacts relationships between local communities and people from other areas or neighbouring countries, potentially leading to increased poverty in our communities. We are among the few sectors still employing unskilled labour. If forced to pay significantly higher wages, we may shift towards employing more skilled workers, which could exacerbate poverty—already a major concern. An increase in the NMW above inflation will likely result in similar demands from labour unions and employees already earning above the NMW. This could have a nationwide impact that the country cannot afford.
8. Cape Chamber of Commerce and Industry (CCCI)	We recommend that the National Minimum Wage Commission proposal for the year 2025 adjustment, meet the purpose of the National Minimum Wage Act: - to advance economic development and social justice.		Increases above CPI therefore directly undermine the purpose as set out in the National Minimum Wage Act, No. 9 of 2018: - to advance economic development and social justice. Increasing NMW above CPI repeatedly increases poverty and unemployment. Increasing the NMW at or above CPI forces the SARB to keep interest rates higher for longer. Our economic competitiveness is declining systematically. Consequently, the exchange rate weakens, making all South Africans poorer compared to other citizens globally. The above CPI rationale deviates from ILO good practice: "The purpose of minimum wages is to protect workers against unduly low pay. The minimum wage, which sets a floor, should be distinguished from collective bargaining, which can be used to

			set wages above an existing floor." The NMW instrument sets the minimum living wage. To push NMW higher than needed, stifles job creation, which is essential to reduce poverty levels, for all our citizens. Whilst the purpose of this NMW Act is to advance economic development and social justice, the commission structure does not reflect this with a balance of economic development and social justice representation. It consists of 10 persons representing citizens/labour vs 3 persons representing business. Whilst business representation makes sound economic choices, their votes are too few to matter. This points to a bigger governance issue that also needs to be addressed to realise competent decision making in the best interest of all our citizens.
9. Consolidated Employers Organisation (CEO)	Reasonableness in the setting of the NMW A fine balance needs to be reached between the needs of business and the plight of employees.	To keep the proposed increase either below or at a maximum of the CPI mark.	NMW Commission is already well-informed about factors such as load-shedding, interest rates, inflation and a stagnant economy and it would be but a repetition of majority of the commentary that the Commission receives. CEO must point out that without employers, who are also facing economic challenges and uncertainties, there would not be a NMW to even consider, let alone implement. Business is only now starting to feel the optimism of the new administration as well as starting to feel the effects of less persistent load-shedding and lower fuel prices. Business needs this time now to recover and to position itself to be prosperous in the future without having any huge increases in expenditure imposed on them such as the NMW. As a point of reference as to what transpires in other industries in the country, most of the settlement agreements reached in bargaining councils across the country have all been approximately around about the CPI mark.
10. Casual Worker's Advice Office (CWAO)	The CWAO submits that the increase to the NMW for 2025 must be substantial in order to reduce the vertical wage gap. CWAO calls on the National Minimum Wage Commission to include the following information in its forthcoming report or as an annexure to the report. 1. The number of national minimum wage inspections carried out by the DEL inspectorate since the Commission's last report. 2. A breakdown of sectors inspected. 3. The level of compliance with the national minimum wage based on these inspections. 4. The sectors which least complied. 5. The number of national minimum wage act compliance orders. .		

		6. The number of national minimum wage act compliance orders issued by the inspectorate. 6. The number of orders complied with. 7. The number of national minimum wage referrals the DEL inspectorate made to the CCMA, if any. 8. The number of such referrals that were resolved and how. 9. The number of national minimum wage dispute referrals the CCMA received directly from workers in the period between NMWC reports. 10. How many disputes on the National Minimum Wage that the CCMA resolved and how these were resolved. 11. How many employers applied for exemptions in this period and the sectoral breakdown of applications. 12. How many exemptions were granted and the sectoral breakdown. 13. Whether the forestry, hospitality and taxi sectoral determinations are still in effect.		
11.	**East Cape Master Builders' & Allied Industries Association (MBA)**	The MBA is not opposed the concept of a National Minimum Wage (NMW) nor the annual increase thereof, provided that such an increase is reasonable and in line with inflation and the increase in the cost of living. Balance the increasing of the NMW with the retention of existing employees and job creation. We welcome the opportunity to engage further on this matter with a view to arriving at a well-considered adjustment to the NMW for 2025.	Not specified	High interest rates together with low levels of government infrastructure investment have placed the Construction Industry under severe strain. Many businesses have succumbed during this time and those that remain are fighting for their survival. Under the circumstances and increase in the NMW such as was promulgated this year, at close to double the official rate of inflation, is not sustainable and will only result in job losses and the further potential laying off of permanent staff in favour of more "casual" or temporary employment.
12.	**Employer's organisation for hairdressing, cosmetology and beauty (EOHCB)**	We strongly recommend that any future NMW increases be limited to CPI-based adjustments at most We emphasize the need for a balanced approach that considers the unique characteristics of the personal care industry and the broader economic context in which our businesses operate.	Limit future NMW increases to CPI-based adjustments at most	40% of businesses have reduced employee work hours to manage wage costs since the introduction of the NMW. 84% of businesses reported that the NMW has negatively impacted their ability to hire new employees. 89% of respondents reported a negative impact on profitability due to the NMW 76% of businesses have had to increase prices of products/services to offset increased labour costs. 73% of businesses have had to cut other operational costs to accommodate the NMW. 39% of respondents struggled to sustain operations, considering closure or downsizing. - 67% have experienced increased tension in employer-employee relationships due to wage-related issues since 2018/19.

13. Free State Agriculture (FSA)	Government pays almost half of the national minimum wage to EPWP workers. It is submitted that if a differentiation in this instance is allowed, there should be justification in considering a differentiation in as far as farmworkers are concerned, especially regarding unskilled workers. Free State Agriculture cannot support another above inflation increase. An increase lower than the inflation rate or no increase will rather be supported.		FSA believes that a shared-value free market economy with less labour protectionism (i.e. minimum wage) can provide more decent work and increase the productivity and profitability of SA. Where labour can easily migrate to the highest payer for the skills and services a worker has to offer, productivity increases, however protectionism keeps labour locked in employment with reduced incentive to perform. In Agriculture, tenure security legislation is unfairly applied to agriculture whereby farmers need to provide "retirement" accommodation to long term employees and their families. This is not applied in any other sector. Producers are price takers and cannot influence the price they receive for their produce. High Labour Costs: Agriculture is highly labour-intensive, an increase in the minimum wage would significantly raise operating costs, leading to reduced profitability or even financial losses Potential for Job Losses: Farmers will respond to wage increases by reducing their workforce or mechanising operations Increased Food Prices: Higher labour costs could lead to increased prices for agricultural products, which could contribute to food inflation. Threat to Food Security: Higher labour costs like other input costs are currently a significant threat to farmers
14. The Consumer Goods Council of South Africa (CGCSA)	We strongly advocate that the process of adjusting the NMW be subjected to NEDLAC's established and respected processes, the adjustments to the NMW should not be an isolated, top-down exercise, it is more crucial than ever that the Commission draws on NEDLAC's expertise and experience in facilitating social dialogue. Ensure that the process of adjusting the NMW is not driven by a single perspective but is instead informed by a comprehensive understanding of the diverse realities faced by different sectors of our society and economy. We recommend that the NMW process begins in the month of June of every year, allowing stakeholders sufficient time to engage in meaningful discussions and preparations. This extended timeline would enable businesses and workers to adapt effectively to the changes		Our country is still recovering from various setbacks since 2020. These shocks were listed as Covid-19 the civil unrest of 2021, Ukraine-Russia war, extreme weather conditions – flooding on KZN coast in 2022, the electricity crisis and lastly logistics and transportation constraints.

15. HORTGRO	Hortgro would categorically like to state that we are not averse to minimum wage increases albeit it takes the economic conditions of the sector and industry as well as employment conditions into careful consideration including the resulting intended or unintended consequences of such proposals.		Due consideration was not given to the economic conditions facing the export pome and stone fruit industries although detailed inputs were provided to the commission. We are of the opinion that these submissions were totally disregarded. The NMWC also failed to consider the other types of remuneration in the agricultural sector and only focussed on wage levels to support themselves and their families. The unintended consequence of such an increase will result in job losses. Over the past 5 years given the economic conditions within the industry, many employers have reduced their permanent staff component and makes use of more seasonal/temporary employees. This allows employers to manage the wages/employee costs which is by far the biggest cost component within their businesses. We have also experienced a higher uptake of technology and mechanisation that not only assist in driving productivity but also efficiencies, but reduces employment. This proposed increase will stifle job creation and current employment. The wages negotiated by bargaining councils were also not in the region of CPI+3% which is indicative of the acceptable levels of wage increases that employers can afford.
16. KwaZulu-Natal Agricultural Union (KWANALU)	The commission takes into account the Producer Price Inflation (PPI)(i.e. the inflation on inputs to produce goods) as compared to only the Consumer Price Inflation (CPI). This will realistically lead to a more equitable scenario which is less likely to have the unintended consequences of negatively impacting inflation and employment. Consideration is given to a sectoral determination of an agricultural wage in KwaZulu-Natal. An essential inclusion of the PPI in the discussion to evaluate the impact on producers. For numerous reasons the EPWP differential /lower wage caters for is seriously considered Any increase be considered from a base rate of zero.		National Minimum wage is one of the components driving increased inflation and unemployment. The ultimate losers in such a scenario are the poorer segment of the population because they are more likely to be unemployed or under employed going forward. More seasonal labour and fewer permanent workers, due to high labour costs Significant drop in employment in the first half of 2022 following the aftermath of the July 2021 riots and the flooding of that year. In the last 9 years (Baseline 2015), inflation has shown a cumulative increase of about 50%, whereas the national minimum wage has increased by over 100% since 2015 Producer Price Inflation (PPI) or the cost of inputs has exceeded CPI for the last two years running at 6.3% Increased mechanisation and an investment flight are serious concerns in rural KwaZulu-Natal
17. National Contract Cleaners Association (the NCCA)	. The NCCA requires the Commission to consider the effect of the Country's shrinking economy on, in particular, the Contract Cleaning Sector. It is a Sector which many clients consider to be a non-essential expense. The result is that the Industry is not expanding and its viability is under pressure, both from general	The Commission should not suggest an equivalent adjustment for regulated Industries such as the Contract Cleaning Sector – because of the further 13,58% remuneration increase that will follow.	

	cost containment measures taking place and competition with non-compliant employers. The Commission must consider that an increase to minimum wages in the Contract Cleaning Sector automatically carries with it an increase to provident fund benefits and bonus benefits. In other words, an increase to the minimum wage has a larger benefit to employees in the Industry than other unregulated Industries	For example: if the Commission were contemplating a 7% increase to the national minimum wage, a 6,2% increase in wages in the Contract Cleaning Sector would have the same benefit to employees in that Sector – 6,2% possible adjustment + 5,25% provident fund on that increase + 6,2% increase to bonus = 7,02% effective increase to remuneration.	
18. National Employers of South Africa (NEASA)	An increase in the NMW will have the exact opposite effect than that which is envisaged by the NMW Commission. In a free-market dispensation, where anyone could offer their service for any agreed wage, productivity can double, triple or even quadruple due to a growth in the economically active population. That type of growth in an industry will see an enormous increase in job creation and in the employment rate, which in turn, will see poverty lessen and the general quality of life of South Africans improve. To risk a further increase in the national unemployment rate by introducing any increase in the NMW is irresponsible. The Commission must, during their deliberations and consideration of specifically this factor, do a reality check and conclude that an increase to the NMW will have a direct, irreparable damaging effect to the employment statistics of South Africa and will directly destroy the possibility of creating employment. suspend all minimum wage requirements; and upskilling of employees, which will lead to increased wages, instead of negotiating for automatic increases.		NEASA has in the past proposed against increases with substantial proof yet the submissions fall on deaf ears. The current dispensation dictates that unless an employee can find an employer that is able to pay him at the level of the NMW, that employee is doomed to a life of abject poverty, unemployment and to become dependent on a state grant. **Inflation** Increases to the NMW will naturally result in a broad overall increase in prices over time. Increasing the minimum wage can lead to higher labour costs for businesses, which may in turn increase the cost of goods and services. This can contribute to inflationary pressures, **Cost of living** The 'cost of living' for a natural person translates into the 'cost of operation' for a business. **GDP** There is little or no evidence that an increase in basic minimum wages has any positive effect on the country's economic output (GDP growth). **Collective bargaining** Bargaining Council Agreements, and the wage rates associated therewith, can never be used as a benchmark in determining the level of the NMW. Wage rates negotiated at bargaining council level are not aligned with economic realities and market forces. These agreements have, in many industries, caused South African businesses to become uncompetitive, reduce their labour component or simply to go out of business **Unemployment** Price floors, such as the NMW, has the unintended consequence that market equilibrium cannot be achieved and will inevitably result in excess surplus of labour supply and an increase of the already staggeringly high unemployment rate of South Africa

19. Play With A Purpose	While the goal of improving wages for workers is commendable, increasing the minimum wage across the board would place an unsustainable financial burden on ECD centres. This could lead to unintended consequences, including job losses, reduced access to early childhood education, and the closure of vital community institutions. A more nuanced approach that considers the financial realities of ECD centres is necessary to ensure the sustainability of this important sector		Low revenue generation: ECD centres do not generate high revenues and are dependent on the fees paid by parents, many of whom cannot afford to pay more. Limited government support: While some government subsidies exist, they are few, leaving centres vulnerable to closure. Increasing the minimum wage would directly raise operational costs, including salaries for teachers, caregivers, and support staff. Given the current financial challenges faced by many ECD centres, an increase in wages would place significant strain on their ability to remain financially viable. Most are not able to pay the current minimum wage. Staff reductions: Centres may be forced to reduce staff to compensate for higher wage costs, increasing the workload and the adult: child ratio on remaining employees and reducing the quality of care and education. The knock-on effect to our country will be devastating. Cutbacks on resources: Centres may be forced to cut back on essential resources, such as educational materials, food, and equipment, affecting the quality of service delivery to children.
20. Proactive Employers Association of South Africa (PEASA)	It is crucial for government to provide support and resources, such as tax incentives and training programs to help businesses navigate the negative impact which an increase to the National Minimum Wage may bring. A potential National Minimum Wage increase has both positive and negative impacts that need to be carefully considered. While it can improve the standard of living for low-income earners, it may also pose challenges for business and potentially affect prices.		Some businesses, especially small and medium enterprises, may struggle to absorb the higher wage bills Businesses may be forced to raise the prices of goods and services to maintain profitability
21. Retail Association (RA)	In the RA's view, the word "proportionally" as used in section 51 (3) of the BCEA certainly cannot be interpreted to mean that those SD wages higher than the NMW must receive the exact same percentage increase as the NMW earners. This could never have been the intention of the legislature. If it was so, the BCEA would have explicitly used the word "the same". It is therefore the RA's submission that when the NMW Commission considers its recommendations to the Minister that it specifically deals with a proportional increase for SD wages higher than the NMW earners and not to simply (as it has done in the past), recommend the same percentage for SD employees who earn (because in the case of retail, having been prescribed minimum wages for 21 years) significantly higher than the NMW earners The NMW Commission cannot, when it deliberates on what its recommendation to the Minister will be, blatantly ignore	**Not specified**	Significantly increasing the cost of labour will inevitably increase the cost of consumer goods (sold by retailers) which will lead to higher inflation which South Africa cannot afford. It will force employers to reduce the other possible services / benefits provided to workers including health and wellness services, transport allowances, provision of food while at work, bursaries for employees' dependents, staff discounts on purchases made at the store an employee works for etc which are not fully factored into the wage bill. Low levels of compliance with the minimum wage are in large measure a product of poor enforcement by the labour inspectorate, a convoluted enforcement procedure and a lack of understanding by Labour inspectors of how the NMW operates and how it is calculated.

	section 51 (3) of the BCEA in its deliberations The RA submits, given that South Africa has the highest unemployment rate in the world (a fact which must weigh heavily on the NMW Commission) that adequate consideration must be given to how any increases to the NMW stifles job creation. The RA trusts that the NMW Commission will consider this submission and not just go through the motions of calling for comments (as a tick box exercise which appears to be the case in the past).		
22. South African Home Textiles Manufacturing Employer's Organisation	Enhance Education and Skills Development Foster Entrepreneurship and Small Business Development Promote Labour Flexibility and Job Creation collective bargaining agreements in South Africa are effective from 01 July, Match the NMW with these dates instead of 01 March NMW increases should be curtailed until such time as the unemployment rates in South Africa have reduced to acceptable levels, below 10%. Any increase should be at a sustainable, reasonable and affordable level.		Textile industry in South Africa has been decimated over the years. Companies have closed and thousands of employees have lost their jobs. Employees affected by the NMW wage increases being brought forward, has resulted in additional costs for employers and in certain instances disputes between employers and the Unions.
23. SEESA	Moderate Increases: We recommend a moderate increase in the NMW for 2025 of not more than 5%, considering the current economic conditions and the need to preserve jobs. This approach would allow businesses to gradually adjust to higher wage costs without compromising their sustainability. 2. Sectoral Differentiation: The NMW Commission should consider differentiated wage increases by sector, particularly for industries that are still recovering from the pandemic or facing international competition. This would prevent sector-wide job losses and support the overall economy. 3. Support for SMEs: To alleviate the impact on SMEs, we propose that the government introduce targeted support measures such as tax incentives, subsidies or access to low interest loans for businesses that comply with the NMW and invest in job creation. 4. Youth Wage Incentives: To encourage the employment of young people, we recommend that the NMW Commission explore the introduction of youth wage incentives or exemptions that would make it easier for employers to hire young workers at lower entry-level wages with a pathway to full NMW compliance as they gain experience.	We recommend a moderate increase in the NMW for 2025 of not more than 5%	The South African economy is currently navigating several challenges including slow growth, high unemployment and inflationary pressures. While wage increases are necessary to maintain the purchasing power of employees, the sustainability of businesses must be prioritised to prevent job losses SMEs are particularly vulnerable to wage increases as they often operate on thin margins. Farmers face unique challenges including volatile market prices, climate change and rising input costs. A steep increase in the NMW could deter employers from hiring inexperienced or low-skilled workers, further exacerbating youth unemployment

		5. Consultation and Collaboration: We urge the NMW Commission to engage in extensive consultation with all stakeholders including employer associations, trade unions and civil society to ensure that the final decision reflects a balanced approach that supports both workers and businesses.		
24.	**Services and Manufacturing Industry Employers Organisation (SMIEO)**		A 4% increase	Load shedding Negative sales growth Excessive cost of diesel and generators and fossil fuel Lower basket purchases Interest rates raised over 5 times in 2023 Food prices continue to rise Fertilisers and food inflation cause by the Russia and Ukraine conflict The increase will collapse township economy and threaten retail jobs The cost of basic hygiene products is high
25.	**Steers Tukkies**	We are prepared to pay the NMW during busy period but we cannot afford during quiet periods.	CPI + 0.5%	We operate in extremely seasonal environments. We have +-5 quiet months out of 12
26.	**The South African Insurance Association (SAIA)**		10-15% increase	Current rate is too low High vertical pay gaps
27.	**South African United Commercial and Allied Employers Organisation**	The Minister of Employment and Labour consider a strategy which includes the implementation of a reduced increase in the NMW and reverting to the Sectoral Determinations in order to cater for the different economic dynamics in these sectors.		-Increase amounts on the NMW must take into consideration sector, geographical location, size of the business, the current economic climate and current inflation rates. -The calculation of NMW increases should be applied with regards to not only the actual wage increase percentage but also the exemption criteria and a possible phase in stage for struggling businesses, SMME's and start-ups. -Larger businesses may have larger costs of regulatory compliance, taxes and other burdens/ "red tape", in relation to their size and available resources it is the smaller businesses that bear the heaviest burden in this regard. -An unaffordable NMW increase may see an increase in foreign workers being employed at lower salaries as they would not be inclined to complain due to the risk of deportation. -Domestic worker employers are faced with cost-of-living increases and may not necessarily have received a salary increase themselves from their employers. This could make a full-time domestic worker unaffordable resulting in either a reduction in their working hours, using contract labour and/or further retrenchments in this sector. -Increasing the NMW has the effect of bringing all the lower grade staff in an organisation up to the same salary bracket. This impacts on motivation and fairness in terms of people being paid the same salary irrespective of how hard they work and their difference in skills at this level.
28.	**South Africa Wine**	There is no problem with a National Minimum Wage Increase, but it should	4 – 5 % at most	The Agriculture Sector is under enormous pressure with no subsidies from the government and it provides work/jobs to a

	not be more than the annual inflation rate of South Africa.		lot of people. It is actually one of the biggest employers of unschooled labour.
29. TLU SA	Agriculture should be treated in a different manner by the law. The specific needs and the sustainability should be kept in mind and food security must be the priority.		Most farm workers are cared for in many ways other than wages. Many workers are totally unskilled and not able to do other work than manual labour. The population in 1994 was 30 000 000. The population more than doubled in the past 30 years. The infrastructure of the country did not double, but the agricultural sector is still feeding every person in SA **Disadvantages of setting a minimum wage are the following:** Motivation, productivity and hard work are not rewarded. A person is paid a certain amount without taking the above into account. Small businesses and enterprises disappear. To reward a person without considering the effort he puts in is tantamount to discourage him from proper performance. People who do work hard and go the extra mile are discouraged to do so because they are not rewarded.
30. Two a day	We therefore call on government to prioritise food security and employment protection in the determination of the national minimum wage. This is a critical commitment from government in maintaining the country's food security and protect vital jobs in an economy that's very fragile at this moment in time.		Severe drought High interest rates Above inflation prices Extreme climate changes Inefficiencies at the Cape Town Port Port issues
30 Employer organisations			

2.2 Trade unions submissions.

This section of the report presents the responses from various trade union organisations. Table 3 presents the submissions, summarizing key proposals, the percentage proposed and the rationale given by the trade unions.

Table 3: Submissions by trade unions

Trade union	Proposal	Proposed %	Rationale
1. COSATU	We urge that increases continue to be above inflation.	NMW be increased by CPI plus 3% in 2025 i.e from R27.58 to R30.03 NMW adjustments should be affected from the 1st of January each year and thus should come into effect on 1 January 2025. A reasonable road map be facilitated and developed with government and labour for those sectors in the EPWP and CWP to incrementally narrow the gap. There are 2 options on determining the new threshold. Firstly, when the threshold was initially set, it was pegged at the salary of a deputy director in government. If this 'peg' is	NMW has had a positive impact by significantly raising the wages of more than 6 million impoverished workers, especially farm, domestic, construction, retail. It has also helped to increase the wages paid at a sectoral level and in addition other companies. Household debt rose to 63.3% of disposable income in the first quarter of 2024, and the increase in household debt exceeded that in disposable income. Many workers have received zero or below inflation increases since 2020 with indications this trend will continue.

			still applied, the threshold should be increased to R744 255. The second option is to adjust for inflation from the introduction of the threshold to date, which would increase the current threshold to R342 200. These adjustments to commence from 1 January 2025. Research begin on setting a medium-term target for the NMW. The medium-term target for the NMW should be linked to a living wage, e.g. R9 000 per month. A reasonable road map should be set to increase the NMW to a living wage over the medium term. DEL to ensure all exemption applications have been engaged with affected unions and workers; DEL to publish all exempted employers on its website as required by the Act; DEL to advertise the NMW hotline to workers and unions; DEL to link the NMW hotline to labour inspectors and for the labour inspectors to act on the reported violations; and Treasury to block companies in violation of the NMW from state tenders across all departments, entities, SOEs and municipalities as per the 2023 Employment Equity Amendment Act.	The Reserve Bank is gradually moving away from minting cents. Most workers paid at the NMW level are paid in cash. It is not practical to pay amounts ending in random cents. **EPWP/CWP** It is immoral for government to demand the private sector abide by the NMW but seek to exempt itself from it. It is indefensible that some sectors of the EPWP and CWP have not only failed to catch up with the NMW but have in fact seen the gap grow.
2.	**The General Industries Workers Union of South Africa (GIWUSA)**	The growing wage inequality between workers and executives must be confronted. In sectors like retail, the pay difference between the lowest-paid workers and executives is immoral and unsustainable. GIWUSA demands the extension of the National Minimum Wage Commission's mandate to include critical benefits for workers. Retirement benefits, such as provident funds, should become a universal basic condition of employment. GIWUSA calls for stricter enforcement of the national minimum wage laws, along with stronger protections for workers who report violations.	A living wage of R15 000 per month.	The current minimum wage is completely out of touch with the continuously escalating cost of living in South Africa which poses serious challenges of daily survival for low-wage workers The household food basket has increased by 15.4% over the past year, with the average cost of a basic basket now at R5 225.68 per month Average spending on energy, water, and municipal bills has risen by 12.2% year-on-year, with the average household paying R2,500 per month Petrol prices have increased by 23.4% over the past year, adding to transportation costs, which now average R2,000 per month for low-income households The cost of transport is just as enormous for those using own car or taxis alike Housing costs, including rent and mortgage repayments, consume an estimated 30-40% of household income
3.	**National Union of Metal Worker South Africa (NUMSA)**	Implementation: The DEL inspectorate (and not the CCMA) should be tasked with enforcing the NMW and funded appropriately.	A living wage	There has been an increase in unemployment figures The current increase in the prices of electricity, water and fuel costs are a further contributor for the need to increase the minimum wage

	Monthly vs hourly rate: The introduction of an hourly minimum has meant that employers are simply cutting workers hours to keep their costs down. 'Zero hour' contracts have become the norm in many industries No guaranteed minimum working hours: The NMW Bill initially included a provision that outlined, that a worker must be paid for at least four hours of work done in a day, even if they work fewer hours than that. A demand for the re-introduction of this provision would be important but so would a more general demand for a guaranteed number of minimum hours per month under the BCEA Lack of Data sets in the QLFS: we further call on the department of Employment and Labour to include in the future QLFS, the datasets to include wage data, as the data sets from 2010 onwards, exclude wage data which makes it challenging to assess wage changes in the economy. To achieve the objectives of a NMW, it must be linked to other measures to deal with inequality, poverty and unemployment accompanied by the following: • Must be part of comprehensive social security system, including: • Formalised Grant or living wage for unemployed persons • Improved retirement contribution by employers and employees' access to hard earned retirement funds that is not part of a 2-pot system. Workers must access and use their funds as it belongs to them. Conditions of retirement fund access should not be in the hands of government to decide as the funds was not earned by them but rather by workers. • Improved UIF contribution by employers • Improved quality service delivery by the state in transport, housing, education & health		Many companies especially in the automotive industry such as MBSA and VW, is experiencing challenges, where we experience workers are subject to loss of income due to power outages and logistics challenges, that more and more businesses are closing resulting in many people entering the current sea of unemployment NMW is not a once size fits all approach and should not be seen as a "ceiling" but rather a "floor." Furthermore, there are still compliance challenges with various companies, in ensuring compliance with minimum wage laws, especially in sectors with high informal employment, leading to inconsistent enforcement Learnerships: In some companies we have seen Learnerships schemes being used to replace labour broking as a source of cheap labour and control.
4. SOLIDARITY	With unemployment rates continuing to worsen, it is imperative that all labour legislation should be relaxed, within reasonable bounds, to get as many people working as possible. Unlike requirements for workplace safety, wages could be determined by the market if legislators were willing to view workers as autonomous individuals who are		After a minimum wage was introduced in 2019, unemployment increased at a much faster pace than in the past. Unemployment, according to the expanded definition thereof, was 38%. A year later, it was 39,7%. A year ago, the expanded unemployment rate was 42,1% for the overall population and has since worsened to 42.6%.

	capable of making decisions about their own affairs.		The youth, who are often the most reliant on access to entry level jobs, are prevented from attaining employment, due to the high national minimum wage.
4 Trade unions			

2.3 Interested parties

This section of the report presents the responses from interested parties. The submissions are presented in a tabular format summarizing the key proposals, the percentage proposed and the rationale given by the organisations(Table 4).

Table 4: Submissions by interested parties

Interested party	Proposal	Proposed %	Rationale
1. Commission for Gender Equality (CGE)	It is imperative to enquire whether the South African employment sector can afford an increase in the minimum wage.		During the post-COVID era in South Africa, the labour sector suffered from the ripple effect of load shedding which led to retrenchments, businesses closing down, and an increase in the prices of essential goods. Over the years, the NMW has always been above the rate of inflation. In July 2024, the CPI was at a rate of 4,6% whilst in June 2024 the rate was 5,1%. CGE notes that an increase in the minimum wage will not benefit those vulnerable groups, including women, who are employed in the informal sector. Adjusting the minimum wage will have different effects on different socio-economic classes. However, lack of an adjustment will result in the real values of the existing wages losing their value leading to a bigger gap of inequality.
2. Democratic Alliance (DA)	The DA, therefore, recommends leaving the existing minimum wage in place without increasing it further, thus improving opportunities for job market access and employment for the unemployed. Introducing a Youth Employment Opportunity Certificate. This certificate will empower young people to break free from the constraints of the minimum wage, giving them better chances of finding jobs. The goal is to make it easier for young people aged 18 to 35 to move from not having a job to having one by offering flexible employment terms. The certificate will be valid for two years. It will give unemployed individuals who have not been employed for 12 months or more the right to exempt themselves from sectoral wage agreements. This policy will make it easier for employers to hire those who have been out of work for long periods of time. Amending the National Economic Development and Labour Council Act (NEDLAC) to explicitly include		The minimum wage contributes to the unacceptably high unemployment rates that exist in South Africa. NMW locks unemployed individuals out of the workplace and they are denied the opportunity to increase their skillset, and gain workplace connections A minimum wage is the least amount of money a person or business can legally pay someone to work in each sector. It also represents the minimum skill level someone requires to be employed in each sector, as companies cannot afford to pay people more than their productive value. A comparison of 30 countries demonstrates that South Africa's minimum wage levels are out of step with the rest of the world. South Africa's minimum wage is 148 percent of our median wage, significantly higher than 30 other reviewed countries.

	job creation and poverty reduction as one of the council's objectives to ensure that these factors are appropriately considered in decisions concerning labour legislation and policy. Broadening the collective bargaining system so that it is more representative of bargaining parties and exempting Small, Medium and Micro Enterprises (SMMEs) from the administrative extension of bargaining council agreements.		
3. Institute of Race Relation (IRR)	The NMW Commission is urged to stop pandering to the relative elite, and seriously reconsider the impact that its NMW hikes have on the poorest, least skilled, most vulnerable workers, and work-seekers. the NMW must not be set too high, relative to prevailing economic conditions, otherwise it will add to poverty Has anyone declined to invest in South African human skills due to the increased lead time to positive return on such investment as a result of the rising NMW? If so, how much investment in South African human skills has been chased away by the NMW's impact on lead time to return on labour investment? These are questions with which the NMW Commission ought to concern itself. It ought then to issue direct, evidence-based, public answers to those two questions. The NMW Commission must apply its mind and report on the relationship between labour productivity and labour cost The median wage of black South Africans is lower than for all other race groups. Since all serious labour economists agree that those most likely to be harmed by a high NMW are those whose incomes fall below the NMW level, black South Africans are disproportionately concentrated amongst the victims of the NMW Commission's decision to set an above-median NMW rate, and to raise it further		The minimum wage hike was beneficial to those who were employed at the higher wage, but it came at the expense of increasing barriers to entry into employment for the least productive seasonal workers. Wages did not generally go up because of the new law, due to non-compliance, but where they did go up hours went down. At the end of 2018 there were over 1 million employed domestic workers, at the end of June 2024 there were fewer than 850,000 The NMW Commission reports have in the past either omitted NMW-to-median evidence and analysis, or based its analysis on demonstrably false claims about the factual NMW-to-median ratio. A recent meta-analysis from the US indicates that an important factor in determining whether a NMW is damaging, or not, to employment levels is to consider the annual rate of change of the NMW: the delta. By this standard measure, South Africa's NMW delta is exceptionally high. Exemptions fails to be reasonably substantiated in evidence, and thus fails to address the concern that the high NMW has a chilling effect on business formalization and growth.
4. Izwe Lami Freedom Foundation	Rather than enforcing rigid wage laws, there should be a flexible and dynamic labour market that will stimulate job creation, economic growth and higher wages. A human rights approach is to respect the right to be employed, that is the right of people to sell their labour for the best reward that they are able to earn. The NMW Commission should urge the Minster to implement a Right to Employment Exemption (REE), or		Since the effects of NMW are known to all informed people the inevitable increase in unemployment, inequality, poverty, and human rights violations must be regarded as *intended*, not *unintended*. The negative effects of NMW cannot be trivialised by presuming good intentions. Note the government exempts itself from the minimum wage it imposes on others. This exposes the hypocrisy of the policy or, at least, its current application; that is, the minimum wage for Expanded Public Works is R15.16 per hour.

	an 'Unemployed Right to Get Employed', (URGE) adaptation. A REE or URGE would exempt from every determination all people who have been unemployed for a specified period, ideally six to nine months. The mere fact that someone has been registered as unemployed for the specified period should liberate them automatically to take whichever job they wish. Flexibility through exemption of the unemployed. Lower, negotiable wages provide entry points for young and unskilled workers, fostering growth and experience. A flexible labour market encourages entrepreneurship, innovation, and economic sustainability. . Allow wages to be set by market forces for fair compensation based on supply, demand and productivity.		The NMW is a direct violation of the constitutional rights of the unemployed. NMW reduces job opportunities, especially for the unemployed and small businesses Less-preferred workers, notably the young and unskilled, are priced out of the market, reducing their chances to gain experience and employment. Rigid wage laws cause the world's worst unemployment, and hinder economic growth and innovation, particularly in the informal sector and small enterprises. NMW doesn't create wealth; instead, it stifles business growth by making employment difficult, expensive and risky.
5. SERI (Socio-Economic Rights Institute of South Africa)	The minimum wage should be adjusted, and that the adjustment should take into consideration rising food prices as even those in low-income employment, such as domestic workers and farm workers, are struggling to meet their basic needs. A living wage		By March 2023, food inflation in South Africa reached a 14-year high of 14,4% which affected some of the core food groups that most rely on like grain products, oils and fats, meat, milk and eggs. Recent analysis by the Pietermaritzburg Economic Justice & Dignity Group (PMBEJD) presented in their August 2024 household affordability index, continues to illustrate that an earner of the maximum income possible at the minimum wage rate would not be able to afford to sustain the basic food needs and associated costs for an average household of four people. Our research people are forced to prioritise the quantity of food over quality or nutrients as an attempt to stave off hunger for as long as possible. The needs of children are often prioritised in determining who eats, with cases of domestic workers falling ill due to foregoing food themselves to feed their children. The food poverty line (FPL) has been adjusted from R760 to R796. It would be remiss, considering increases in the cost of living, the cost of food, the adjustment of the FPL, and research on the experiences of food insecurity of those earning the minimum wage, not to adjust it upwards.
6. South African Youth Economic Council (SAYEC)		Vast improvement of at least 45% to R40 per hour.	The national minimum wage functions as an economic tool to regulate the labour market, a social protection mechanism to safeguard individuals against the rising cost of living, and a social justice measure to uphold the rights and dignity of vulnerable workers. The national minimum wage serves as a critical price floor in the labour market,

			ensuring that workers receive fair compensation. The unequivocal stance of SAYEC that the NMW Commission must not only consider but enforce a raise to the minimum wage. A minimum wage that fails to reduce poverty and income inequality undermines its role as a social justice mechanism A fair wage enhances individual autonomy and protects workers from exploitation, enabling them to escape cycles of poverty. The national minimum wage also serves a critical social justice function by promoting fairness and equality within the labour market.
7. Women on Farms Project (WFP)	Increase the National Minimum Wage to a Living Wage: The NMW must be increased to R12,000 per month to reflect a living wage that enables women farm workers, especially women seasonal workers, to meet households' nutritional food and other living expenses Department of Employment & Labour (DEL) must ensure stricter enforcement of the NMW and the conditions under which it is paid – i.e. farmers who link payment of the NMW to work targets must be held accountable and even prosecuted Farmwomen call on the National Minimum Wage Commission to hold public hearings ahead of the 2025 Review of the NMW.	The NMW must be increased to R12,000 per month to reflect a living wage.	Research commissioned by WFP in 2022 on the labour conditions of workers on Fairtrade-certified farms, 31% of women workers were still being paid less than the National Minimum Wage, and getting away with it! Farm workers' vulnerability takes place at the same time that the wine industry is prospering with record profits. From October 2022 to October 2023, South African wine exports experienced an increase of R342 million, meaning a growth of 46.4%. As an organisation working at farm level, we have noticed a disturbing increase in poverty and hunger within the farm worker community. Most women seasonal farm workers earn about R2206 per fortnight, if they work 8-hour days for 10 days. Women have reported that many farmers are increasingly and unilaterally setting unreasonably high work targets for seasonal farm workers. Not only are these targets extremely high, in many cases, workers must achieve these targets in order to receive the NMW.
8. Workweek	Creating a more adaptable NMW system that encourages both employment growth and fair compensation. We believe these adjustments would better serve the diverse economic landscape of South Africa and contribute to the overall well-being of its workers.		**Differentiated Minimum Wage Based on Business Size/Type:** It's critical to acknowledge the diverse nature of businesses operating in South Africa. While large corporations may have the resources to accommodate higher wage floors, small enterprises, particularly startups, may struggle to do so without compromising their viability. We suggest a differentiated minimum wage structure, which scales based on the size, type, and revenue of the business. This approach would allow for a more balanced application of the NMW, fostering growth in smaller enterprises while ensuring larger companies are held to standards that prevent worker exploitation. **Employment and Growth Considerations**: The current minimum wage framework, while well-intentioned, may inadvertently hinder employment opportunities, especially for lower-skilled workers. Our stance is that "a little cash is better than no cash." The minimum wage should encourage employment, not dissuade it. Therefore, we

			propose a revision that focuses on increasing employment opportunities while still safeguarding workers' rights. This could be achieved by allowing more flexibility in the wage structure for certain industries or regions. **Ensuring Fair Wages in High-Revenue Sectors:** While flexibility is necessary for small businesses, it is equally important to ensure that high-revenue sectors, particularly those in extractive industries like mining, are not allowed to exploit these adjustments to widen profit margins at the expense of fair wages. Legislation should ensure that businesses with significant profit margins uphold higher wage standards, reflecting their capacity to support their workforce. **Exploring Sliding Wage Scales** Similar to the concept of sliding tax scales, implementing sliding wage scales could offer a more tailored approach to the NMW. By varying the minimum wage based on factors such as industry profitability, regional cost of living, and company size, we can better balance the needs of businesses and workers across the country.
8 interested parties			

3. Conclusion and recommendations

This part of the report will summarise the findings as outlined in the report. The findings, the rational and proposal from the public will be summarised.

Summary of submission from the organisations

Forty two (42) organisations; thirty (30) employer organisations, four (4) trade unions and eight (8) interested parties submitted their written submissions, and were categorised as follows:

- Business/ Employer representative
- Trade union representative
- Interested party/ NGO

Employer organisations

The general feel from most employer organisations in that the adjustment should be **in line with the CPI or below the CPI**. The following are some of the most frequently cited reasons by employer organisations that the commission needs to consider when adjusting the national minimum wage**.**

- **Extreme weather conditions** – The agricultural sector is still recovering from the severe droughts, which peaked between 2015 and 2018, and flooding in 2021, 2023, and 2024.
- **Inefficiencies at ports**- Poorly maintained road infrastructure, failures of government in managing and maintaining our port, road and rail infrastructure and weak municipal service delivery is affecting business and productivity. Shipping times to the European Union have increased by 70%, from 3 weeks in the 1990's, to 5 – 7 weeks nowadays. This has affected competitiveness of the industry.
- **The lingering impact of COVID-19** - Business needs this time now to recover and to position itself to be prosperous in the future without having any huge increases in expenditure imposed on them such as the NMW.
- **Biosecurity threats** – the outbreak of swine fever and food and mouth disease has affected the agricultural sector negatively.
- **High interest rates** – The rise in the national minimum wage will adversely push up the price of food. and passing these higher costs on to consumers.
- **Load shedding** – Despite the recent stabilisation in the supply of electricity, many businesses are still recovering from the effects of load shedding and debt incurred from it.
- **Lack of support or funding from the government** – Employers must bear the cost of decisions made by Government, yet there is little to no support from Government when needed.
- **Agricultural sector are price takers and not price makers** - A weak exchange rate against international currencies has a significant negative influence on input costs of chemicals, diesel, machinery, implements and spare parts.

- **Previous submission are not considered** - Due consideration was not given to the economic conditions facing the export pome and stone fruit industries although detailed inputs were provided to the commission.
- **SMMEs often operate in highly competitive markets** - raising prices to offset higher wages may not be practical for some sectors. As labour costs rise, these enterprises may find it challenging to remain competitive. This situation could result in consolidation within industries, forcing smaller businesses out of the market and ultimately diminishing.
- **Non-compliance** - Low levels of compliance with the minimum wage are in large measure a product of poor enforcement by the labour inspectorate, a convoluted enforcement procedure and a lack of understanding by Labour inspectors of how the NMW operates and how it is calculated.

- **Domestic work will be unaffordable** - Domestic worker employers are faced with cost-of-living increases and may not necessarily have received a salary increase themselves from their employers. This could make a full-time domestic worker unaffordable resulting in either a reduction in their working hours, using contract labour and/or further retrenchments in this sector.

- **Motivation, productivity and hard work are not rewarded.** A person is paid a certain amount without taking the above into account.To reward a person without considering the effort he puts in is tantamount to discourage him from proper performance.

All the above is cited as potentially contributing to unemployment as organisations are hesitant to hire new employees due to the high wage bill. An increase in the NMW above the CPI would create a domino effect, impacting all wage categories. The threat of mechanisation continues to loom in the background.

Recommendations from employer organisations

The following are some of the recommendations emanating from the employer organisations:

-A shared-value free market economy with less labour protectionism (i.e. minimum wage) can provide work that is more decent and increase the productivity and profitability of SA.

-We strongly advocate that the process of adjusting the NMW be subjected to NEDLAC's established and respected processes, the adjustments to the NMW should not be an isolated, top-down exercise, it is more crucial than ever that the Commission draws on NEDLAC's expertise and experience in facilitating social dialogue.

-It is crucial for government to provide support and resources, such as tax incentives and training programs to help businesses navigate the negative impact which an increase to the National Minimum Wage may bring.

-South Africa has the highest unemployment rate in the world (a fact which must weigh heavily on the NMW Commission) that adequate consideration must be given to how any increases to the NMW stifles job creation.

- NMW increases should be curtailed until such time as the unemployment rates in South Africa have reduced to acceptable levels, below 10%.

- A CPI-based adjustment delivers a high level of predictability in wage increases, which is essential for businesses to engage in long-term financial planning and investment.

- The commission should take into account the Producer Price Inflation (PPI)(i.e. the inflation on inputs to produce goods) as compared to only the Consumer Price Inflation (CPI). This will realistically lead to a more equitable scenario which is less likely to have the unintended consequences of negatively impacting inflation and employment.

-Youth Wage Incentives: To encourage the employment of young people, we recommend that the NMW Commission explore the introduction of youth wage incentives or exemptions that would make it easier for employers to hire young workers at lower entry-level wages with a pathway to full NMW compliance as they gain experience.

Trade unions

- The majority of trade unions are for the increase in the national minimum wage and report positive outcomes of the act. There is a call from many to work towards a **living wage ranging from R12 000 to R15 000.**
- The **high prices of travelling costs, renting and mortgage, high interest rates** and increasing food prices are cited as the drivers for the increase of the minimum wage.
- There is a call for stricter enforcement and **critical benefits for employees.**
- **Learnerships:** In some companies we have seen Learnerships schemes being used to replace labour broking as a source of cheap labour and control.
- Only **one trade union raised concern of an increase in the minimum wage** citing job losses, lack of business continuity and access to entry level jobs being affected by a high national minimum wage.

The following recommendations emanated from the trade unions:

Recommendations from trade unions

-NMW adjustments be affected from 1 January each year and thus should come into effect on 1 January 2025.

-A reasonable road map should be set to increase the NMW to a living wage (up to R15 000 per month) over the medium term.

- With unemployment rates continuing to worsen, it is imperative that all labour legislation should be relaxed, within reasonable bounds, to get as many people working as possible.

-DEL to ensure all exemption applications have been engaged with affected unions and workers;

-DEL to publish all exempted employers on its website as required by the Act;

-DEL to advertise the NMW hotline to workers and unions;

-DEL to link the NMW hotline to labour inspectors and for the labour inspectors to act on the reported violations

- The growing **wage inequality between workers and executives** be confronted.

- Stricter enforcement of the national minimum wage laws

Interested parties

- Some organisations are opposed to a high national minimum wage as they feel it will contribute to **unemployment and increase inflation.** There is a feeling that the **NMW violates the constitution** and further **exacerbates the plight of poverty and inequality by excluding the unskilled workers** from the labour market .It is further stated that the NMW is always set at a rate higher than inflation, which could be unaffordable for employers.
- Adjusting the minimum wage will have **different effects on different socio-economic classes**. However, lack of an adjustment will result in the real values of the existing wages losing their value leading to a bigger gap of inequality.
- Those in support of the NMW are concerned that the **lack of compliance renders workers vulnerable**.
- The lack of impact of the NMW wage is attributed **to lack of enforcement** and is seen as a market response to the high and unaffordable rates of the NMW.
- **NMW locks unemployed individuals out of the workplace** and they are denied the opportunity to increase their skillset, and gain workplace connections
- A comparison of 30 countries demonstrates that **South Africa's minimum wage levels are out of step with the rest of the world.** South Africa's minimum wage is 148 percent of our median wage, significantly higher than 30 other reviewed countries.
- **A high NMW will deter foreign investment** - how much investment in South African human skills has been chased away by the NMW's impact on lead time to return on labour investment?
- A human rights approach is to respect the right to be employed, that is the right of people to sell their labour for the best reward that they are able to earn.
- There is a disturbing increase in poverty and hunger within the farm worker community.

Recommendations from interested parties

The following are the recommendations from interested parties and NGOs:

-It is imperative to enquire whether the South African employment sector can afford an increase in the minimum wage.

-Leave the existing minimum wage in place without increasing it further, thus improving opportunities for job market access and employment for the unemployed.

-The NMW Commission should urge the Minister to implement a Right to Employment Exemption (REE), or an 'Unemployed Right to Get Employed', (URGE) adaptation. A REE or URGE would exempt from every determination all people who have been unemployed for a specified period, ideally six to nine months. The mere fact that someone has been registered as unemployed for the specified period should liberate them automatically to take whichever job they wish.

-The minimum wage be adjusted to take into consideration rising food prices as even those in low-income employment, such as domestic workers and farm workers, are struggling to meet their basic needs.

- Similar to the concept of sliding tax scales, implementing sliding wage scales could offer a more tailored approach to the NMW. By varying the minimum wage based on factors such as industry profitability, regional cost of living, and company size, we can better balance the needs of businesses and workers across the country.