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Author: Staff Reporter

What recent increases in national minimum wage mean

This article summarises the new earnings threshold's main impact on employees and employers.

The minister of employment & labour recently promulgated two significant changes to the earnings of employees that took effect from 1 March 2023 – both an increase in the national minimum wage by 9.62% and an increase to the earnings threshold from

R224,080.48 to R241,110.59 per annum.

An increase to the earnings threshold means all employees earning R241,110.59 per annum (about R20,092.55 per month) and above will be excluded from the automatic protection of several provisions of the Basic Conditions of Employment Act 75 of 1997 ("BCEA"). Employees earning above this threshold are not automatically entitled to payment

for overtime or weekends off as prescribed by the BCEA.

The earnings threshold also has an impact on the application of various provisions in the Labour Relations Act 66 of 1995, the Employment Equity Act 55 of 1998, the National Minimum Wage Act 9 of 2018 and the CCMA rules.

With the increase of the national minimum wage to R25.42 per hour for all domestic and farm

workers, employers will now be required to pay domestic workers and/or farmworkers just over R4,000 if they tender their service for five days per week and work for eight hours per day for 20 days a month. The increase in the national minimum wage shall not apply to employees employed on an expanded public works programme and workers who have concluded learnership agreements in terms of section 17

of the Skills Development Act 97 of 1998.

A failure to pay employees in accordance with the rates prescribed by the National Minimum Wage Act may result in a dispute for monies owing and/or a compliance order which may be issued in terms of the provisions of the BCEA. These disputes or claims may be referred to the Commission for Conciliation, Mediation and Arbitration,

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