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# Most welcome: Adjustment to minimum wage clicked in this month – Cosatu

## TRANSPARENCY



SOLLY PHETOE

THE 2024 ADJUSTMENT of the National Minimum Wage (NMW) came into effect on Friday, March 1.

This is a welcome increase from R25.42 to R27.58, or 8.5%, or inflation plus 3%.

Cosatu had submitted this proposal to the NMW Commission and the Minister for Employment and Labour, Thulas Nxesi, earlier this year. We are very pleased it has now been implemented.

This NMW raise helps protect its value from inflationary erosion and provide relief to 6 million workers' ability to take care of their families. It helps protect and raise the wages of the most vulnerable, who often fall outside established collective bargaining.

Farm, domestic, retail, hospitality, construction, security, cleaning and transport workers are key beneficiaries of the NMW.

When workers have additional money, it is spent in the local economy, thus helping spur growth, as well as sustaining and creating local jobs.

Workers in the agricultural, domestic, construction, retail, hospitality, transport, security, and cleaning sectors will particularly benefit.

Inflation hits workers the hardest, not only because they earn the least, but the goods they need to buy often experience inflation at levels above the consumer price index rate, eg electricity tariffs, which increased by 18.65% in 2023 and fuel, which has reached record highs due to the war in Ukraine, which then pushes food and transport prices up.

Workers' wages generally struggle to keep pace with inflation.

It's important to bear in mind that in a society with a painful 41% unemployment and a 60% youth unemployment rate, most workers support on average seven relatives.

The reports by the National Credit Regulator on the levels of consumer indebtedness show a worrying trajectory with increasing levels of indebtedness. These have been exacerbated by the hikes of 475 basis points by the SA Reserve Bank to the repo rate over the past 18 months.

In short, the pressures facing workers and their ability to take care of their families are daunting.

The NMW Act mandates the commission to ensure the NMW is not eroded by inflation, because this would



A MAN HOLDS a set of South African rand notes on a counter. | KAREN SANDISON Independent Newspapers

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plunge many workers deeper into debt, poverty, and despair.

Cosatu is pleased with the progress that we have managed to make since the NMW came into effect in 2019 at R20 per hour. By 2025 it should reach R30 an hour.

Not only have we managed to convince the government to adjust the NMW annually to keep pace with inflation in a very difficult economic climate, but we have also ensured that it has consistently been raised above inflation levels to uplift the most poorly paid workers.

Domestic and farm workers' wages have risen from R15 and R18 in 2019 respectively to being equalised with the NMW today. This is a far cry from

the poverty wages farm and domestic workers were paid a few years ago, at times as little as R6 an hour. This is an impressive 84% for domestic workers and 65% increase for farm workers over the past four years.

Engagements are taking place with the Department of Public Works and Infrastructure on a road map to ensure that workers of the Expanded Public Works Programme and Community Works Programme (CWP) reach the NMW as well as they are currently pegged at R15.16 an hour.

It is time EPWP and CWP workers' wages were moved from 55% to being equalised with the NMW.

No worker should be paid less than the NMW. We expect all employers to comply with it and deliberately afforded the employers of farm and domestic workers three years to adjust and reach 100% of the NMW.

It is time public works programme workers reach full compliance with the NMW.

While we have made progress, it is critical that the Department of Employment and Labour cracks down on employers who violate the NMW Act. Cosatu will continue to mobilise unions and workers to deal with such employers.

Organised business, too, must play

its part. It is unacceptable that many employers fail to comply with the NMW. This matter should be treated with the seriousness it deserves. Such employers cannot be allowed to behave like they are above the country's laws and treat their employees little better than glorified slaves.

The Employment Equity Amendment Act came into effect in 2023, requiring any company doing business with the State to be in compliance with the Employment Equity and the National Minimum Wage Acts.

The State, at R1 trillion annually, is the largest source of procurement in the economy. This amendment will be a powerful incentive for companies to abide by our labour laws, and equally a major disincentive for those who don't.

The act provides space for employers who cannot afford to pay the NMW. In such cases, they need to consult with their unions and employees and apply for an exemption to the Department of Employment and Labour.

This application needs to include their financial statements confirming that they genuinely cannot afford to pay the NMW. They will then be granted a limited exemption.

To date more than 2 000 employers

have made such applications with half being granted exemptions.

Many critics of the NMW said before it came into effect in 2019 that it would lead to a jobs bloodbath. Independent research by the University of Cape Town has shown this not to be the case.

It has had a positive impact on reducing poverty and inequality levels and boosting the economy. Other countries which introduced a NMW like the US, Germany and Brazil have had similar positive experiences.

The NMW is one of the most important poverty alleviation achievements of the 6th administration led by the ANC and was personally championed by President Cyril Ramaphosa, a former trade union leader.

Beyond the NMW, the government needs to continue tackling other obstacles to economic growth, in particular load shedding, cable theft, ageing infrastructure, entrenched endemic crime and corruption.

These are critical to unlocking the economy, rebuilding public services, slashing unemployment, reducing the cost of living and ensuring workers earn a living wage.

*Solly Phetoe is Cosatu's general secretary.*