



Publication: TheCitizenKZN - Main
Title: Good and bad of hike
Publish date: 07 Feb 2024
Page: 6

Reach: 44390
AVE: R 54569.48
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Good and bad of hike

8.5%: SAFTU SAYS MINIMUM WAGE INCREASE WILL NOT MAKE A BIG DIFFERENCE

» **Labour expert warns employers who can't afford raise may cut working hours.**

Zanele Mbengo & Ina Opperman

While the Congress of South African Trade Unions (Cosatu) applauds the increase in the national minimum wage (NMW), the South African Federation of Trade Unions (Safu) critically welcomed the increase.

This after Employment and Labour Minister Thulas Nxesi announced a new NMW determination which will go up from R25.42 to R27.58 for each ordinary hour worked. However, the workers employed on an expanded public works programme were entitled to a minimum wage of R15.16 per hour from R13.97, according to the department.

Cosatu said this increase helped protect the value of the NMW and workers' ability to take care of their families from inflation.

"It will provide relief to more than six million workers earning within the NMW range. Workers in the agricultural, domestic, construction, retail, hospitality, transport, security and cleaning sectors will benefit the most," said Cosatu.

Labour expert Andrew Levy said that it was normal for unions to welcome an increase in the NMW.

He said the actual increase in the national minimum wage is eight and a half percent, which was a larger increase and unions were going to use it as a lever when they bargain wages for their members.

"Generally speaking, those on



HIGH TIDE

An old American car passes along a flooded embankment in Havana during a storm on Monday. Picture: AFP

the minimum wage don't have unions to negotiate for them and to protect them. There is an obligation certainly on government as a matter of social policy to protect them and to make sure they are not subjected to wage exploitation as labour unions would say," added Levy.

However, Gerhard Papenfus, CEO of the National Employers Association of South Africa, said the commission ignored the input of numerous business institutions and trade unions "who warned of the dire consequences of implementing further increases".

He added: "This minimum wage is an arrangement that prevents anyone from being employed unless he can find an employer who is prepared to pay him a wage, not a wage that he is demanding, but which government determines he must receive.

"This is an arrangement that dictates that unless a jobseeker can find such an employer, he will be doomed to a life of abject poverty."

Papenfus says the minimum wage arrangement ignores the fact that:

► Employers, without exception, only pay wages that they can afford and which they want to pay. Establishing a minimum wage does not change that;

► For employers who are already paying more than the minimum wage, this arrangement is entire-

ly irrelevant and;

► Employers who cannot afford it, will revert to alternative arrangements, such as reduced working hours, restructuring, reconsidering the need for lower-paid employees and even retrenchments.

Some will merely fly under the radar, breaking the law regardless of the risk.

"These are simply the facts and state intervention will never change it. The influence of market powers is too strong and to the extent that the state succeeds in its interference, it will only lead to increased unemployment, the biggest driver of inequality in South Africa," said Papenfus.

Safu noted although this represented an above-inflation increase, it remained an increment to a meagre wage, making it unlikely to bring about a significant difference. - news@citizen.co.za

R27.58

is the new national minimum wage determination, up from R25.42