

Increase of the minimum wage.

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WHAT IS THE MINIMUM WAGE AND WHY IS IT IMPORTANT?

The purpose of the Minimum Wage Act 9 of 2018 ("the Act") is to advance economic development and social justice by addressing income disparities and improving the well-being of workers. The Act accordingly establishes a national minimum wage that employers are required to pay to their workers ("Minimum Wage"). This wage serves as a baseline to ensure that even the lowest-paid workers receive fair compensation.

The Act does not apply to National Defence Force, the National Intelligence Agency, and the South African Secret Service. Volunteers are not included as they are not entitled to remuneration. In certain sectors the Minimum Wage varies depending on the sectoral determination, such as in the contract cleaning sector, the wholesale and retail sector.

Every employee, except those specifically excluded (as mentioned above), is entitled to receive at least the Minimum Wage. The Minimum Wage further constitutes a term of the employee's contract except to the extent that the contract provides for a more favourable wage and cannot be reduced by contract.

It should be noted that it is considered an unfair labour practice for an employer to unilaterally change working hours or other employment conditions to implement the Act or circumvent having to increase expenditure, for example, removing a benefit because the employee's remuneration has increased. The Minimum wage pertains solely to the amount that is payable to an employee for regular hours of work (with the exception of overtime, which is determined differently) and excludes other payments or benefits such as allowances, tips, bonuses, etc.

CURRENT MINIMUM WAGE

The Minimum Wage was increased on 2 February 2024 from R 25.42 per hour to R 27.58 per hour with effect from 1 March 2024, reflecting an increase of approximately 8.5% from the previous Minimum Wage.

The Wholesale and Retail Sector (Sectoral Determination 9) will need to increase their Minimum Wage depending on the job category, the lowest of which is R27.58 per hour (a General assistant) and the highest Minimum Wage being R73.73 per hour (a Manager) if they work 27 hours or less. The rates for the different job categories can be found in the Government Gazette No 50073 ("the GG").

The Contract Cleaning Sector (Sectoral Determination 1) will also be required to increase their Minimum Wage, with a R30.35 minimum in metropolitan areas and R27.67 in specific rural areas.

Despite the increase, workers employed on an expanded public works programme are entitled to a minimum wage of R15.16 per hour. Workers who have concluded learnership agreements contemplated in section 17 of the Skills Development Act 97 of 1998 are entitled to the allowances contained in Schedule 2 of the GG.

CONCLUSION

As such, if an employee earns below the Minimum Wage or is paid based on the previous Minimum Wage, the employer is required to adjust the employee's remuneration with effect from 1 March 2024 to R27.58 per hour.

Please note: this article is for general public information and use. It is not to be considered or construed as legal advice. Each matter must be dealt with on a case-by-case basis and you should consult an attorney before taking any action contemplated herein.



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