

National Minimum Wage increases

By [Dhevarsha Ramjettan](#)

22 Feb 2023

New National Minimum Wage (NMW) hourly rates, which will have a significant impact on labour-intensive industries, were published by the Minister of Employment on 21 February 2023, in line with section 6(5) of the National Minimum Wage Act. They will take effect from 1 March 2023.



Image source: Rabia Elif Aksoy – [123RF.com](#)

Employers need to be aware of the new higher National Minimum Wage rates from 1 March and to take these rates into account when they engage in collective bargaining agreements.

The NMW rate increases from R23.19 to R25.42 per hour.

The National Minimum Wage Commission recognised the importance of providing all wage-earning workers with a sufficient income to support themselves and their families at a socially acceptable and economically viable level. The decision to implement the wage increase must however be balanced against the need to avoid job losses and contribute to reducing South Africa's high unemployment rate of 7.7 million jobless individuals, as reported by StatsSA in the third quarter of 2022. The NMW is a relatively blunt instrument for poverty and inequality reduction in South Africa if it is not implemented with other effective poverty reduction strategies.

This increase will have a significant impact on labour-intensive industries such as mining, agriculture, private security, wholesale and retail trade, and hospitality. Some sectors have unique collective bargaining approaches resulting in industry-specific agreements on rates of pay that cater for their production requirements and viability. Other sectors may need to consider adjusting their working hours and engaging in more rigorous collective bargaining to align with the new NMW rate.



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Collective bargaining has often given rise to sector-sensitive solutions that benefit the workforce, such as those in Contract Cleaning, where the minimum wage increase is above the NMW, depending where the services are rendered in terms of categorised geographies.

The Wholesale and Retail sectors are also governed by separate rates of pay, with different rates of increase across different job categories. The increases are subject to the geographical areas set out in Area A and B. Minimum wage rates prescribed for Area A are incrementally higher than those prescribed for Area B, as the job categories progress toward higher-paying positions. For example, a general assistant, trolley collector, security guard, forklift operator, and driver in Area A are entitled to the NMW. The Minister has gone a step further by prescribing minimum hourly rates in excess of the NMW for higher-ranking positions in the wholesale and retail sectors.

In light of the new NMW rate, it is essential for employers to review their wage policies and engage in collective bargaining to ensure compliance, if the increases prove to be disruptive to the viability and continuity of their businesses.

ABOUT THE AUTHOR

Dhevarsha Ranjettan is a Partner from Webber Wentzel

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