

# True cost of labour... and minimum wage non-compliance

By [Rui Lopes](#)

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Recently, the Minister of Employment and Labour, Thulas Nxesi, announced the revised national minimum wage for 2021. The national minimum wage was increased from R20.76 to R21.69 and was implemented in terms of the National Minimum Wage Act, which was introduced in January 2019. Minimum wage has since increased on an annual basis.



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2021 signalled a year in which farm workers' minimum wages were projected to be brought in line with the national minimum wage. And while domestic workers still have a wage threshold that is below the national level at R19.09, the Minister has indicated that the gap can be expected to close in the next review. Additionally, workers employed on an expanded public workers' programme are now entitled to R11.93 per hour.

This increase provides for the absolute minimum which a person may be paid per hour. Certain industries provide for the minimum wage in a sectoral determination, which will also increase in line with the 4.5% increase on the national minimum wage. This applies to the contract cleaning industry and the wholesale and retail sectors.

The National Minimum Wage Act does not elaborate on the consequences for failing to pay the minimum wage. However, the Basic Conditions of Employment Act does state that where an employer fails to pay the minimum wage, they will be fined twice the amount of the underpayment or twice the amount of the employee's monthly wages – whichever is higher. Should an employer fail to comply again, they will be fined the higher amount of either three-times the amount of the underpayment or the employee's wages.

Employers who pay the minimum wage are encouraged to take the necessary steps to implement the increase by 1 March 2021, to avoid the hefty penalties that may be imposed for such failure.

## ABOUT THE AUTHOR

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