

Commission recommends a CPI plus 3% adjustment in National Minimum Wage

The National Minimum Wage (NMW) Commission has issued another invitation to interested parties to submit written representations concerning possible adjustments to South Africa's national minimum wage in 2024.



Image source: zerbor – 123RF.com

The Department of Employment and Labour said the commission had three proposals on its table after it issued an invitation to interested parties to submit written representations concerning next year's wage increase.

"The NMW Commission has published a report in the government gazette with the intention to present the commission's report and recommendations on the annual review of the national minimum wage and also invite written representations from the public," the department said.

A minimum wage is the lowest remuneration employers can legally pay their employees for each ordinary hour worked. It is illegal for an employer to pay employees less than this minimum floor.

The three proposals tabled in the report are as follows:

- The recommendation by the majority is Consumer Price Index (CPI) plus 3%. Eight of the 12 commissioners propose that the national minimum wage increases by CPI plus 3%.
- The recommendation by the Business Constituency is CPI.
- The recommendation by an independent expert is CPI plus 0.75%.

"The CPI is a measure of the change in prices as paid by consumers for goods and services over time. In South Africa, the latest consumer price inflation as published by Statistics South Africa was 5.9% in October 2023, up from 5.4% in September 2023," the department said.



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The commission's latest invitation for inputs follows similar calls in August and September in accordance with section 6(2) of the National Minimum Wage Act, No. 9 of 2018.

The commission comprises representatives from organised labour, business, community and experts in the field of labour market and conditions of employment.

In 2021, the commission recommended increasing the national minimum wage from R20.76 to R21.69 per hour. The 2022 national minimum wage was revised from R21.69 to R23.19 per hour. In 2023 the minimum wage was revised to R25.42 per hour.

Factors considered by the commission in the annual adjustment include inflation, the cost of living, and the need to retain the value of the minimum wage; wage levels and collective bargaining outcomes; gross domestic product; the ability of employers to carry on their businesses successfully; the operation of small, medium or micro-enterprises and new enterprises; and impact on employment or the creation of employment.

Employment and Labour Minister Thulas Nxesi will announce in February 2024 the new rate of adjustment, which will come into operation from 1 March 2024.

The public has until 8 January 2024 to make their written representations.

Requests for inputs should be sent to the directorate: Employment Standards, Department of Employment and Labour, Private Bag X117, Pretoria, 0001 or be sent to nmwreview@labour.gov.za.

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