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## **National Minimum Wage Announcement**

It was recently announced by Deputy President Cyril Ramaphosa that the constituencies had agreed on the introduction of a National Minimum Wage (NMW). This Minimum Wage will be set at R20 per hour, which will come into effect on 1 May 2018.

### ***Background***

The matter had been the subject of discussion for some time but had been accelerated a few years ago at the Ekurhuleni Declaration. At this gathering the Deputy President engaged social partners to arrive at a future path to improve the labour relations environment, including the implementation of a national minimum wage.

### ***Implementation***

At the end of this process a panel of advisors had been tasked with researching and providing proposals on the NMW and arrived at a recommendation of a NMW of R3 500 per month which is equivalent to R20 per hour (based on a 40hr week).

Part of the deal is an exemption process that needs to be established which will determine exemptions for small business and fragile sectors of the economy. Further, a body will be established to determine increases annually based on a range of factors. The most obvious factor will be the impact on jobs that the R20 per hour will have.

There is further agreement that Government will attempt to provide access to tax incentives to mitigate the impact.

An exemption process will be available for fragile sectors or sub sectors. An efficient smooth process is agreed with a 30 day turn around. This will have to be put in place before the NMW comes into effect. It must be remembered that exemptions will not be for longer than 12 months.

Domestic workers will be paid 75% of the NMW and agriculture workers will be paid 90% but both sectors will be brought up to 100% within two years of implementation, pending research by the commission on this timeframe.



From the desk of **Johnny Goldberg** and **Grant Wilkinson**  
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Cosatu has pulled out which may delay this legislation further.

### ***Exclusions***

Whilst no business is excluded from the NMW, the Expanded Public Works Programme and Community Works Programme will be excluded. The Nedlac committee of principals will examine and review its participation.

### ***Conclusion and way ahead***

The legislation still has to be drafted and passed through the NEDLAC and Parliamentary processes which could, in our experience, take more than a year.

Once the law comes into effect, inspection, enforcement and compliance become effective **immediately**.

Education is an integral part of enforcement and it has been agreed that labour inspectors will be fully trained and capacitated on the national minimum wage. One of the biggest problems is going to be compliance as this is the current problem with bargaining council agreements and sectoral determinations.

We need to all, in our representative capacities, monitor the potential impact of this on business and continue to play an active role in ensuring that employment, the creation of jobs and sustainable business remain at the forefront of all relevant parties' minds.

We will be hosting quick national webinars on this topic on 2 March 2017 at 10h30 and on 8 March 2017 at 14h00. Please contact Carly at [nationalsales@globalbusiness.co.za](mailto:nationalsales@globalbusiness.co.za) if you would like to receive more information about these events.

Regards

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