



## **National Minimum Wage: Fact Sheet**

The National Minimum Wage Bill, as well as the agreement signed at NEDLAC (hereafter the NEDLAC agreement) in February 2017, has been a source of concern within the agricultural sector. This document highlights the most important aspects of the agreement reached, as well as specific provisions in the Bill:

### **1. The implementation date is not yet finalised:**

The National Minimum Wage Bill was supposed to be enacted in time for a 1 May 2018 implementation, but that has not happened. The NMW Bill was accepted by the National Assembly and is currently undergoing hearings in the National Council of Provinces. This process needs to be concluded before the President will sign the bill into law, and before we will know when the NMW will be implemented.

### **2. The proposed minimum wage is R20 per hour:**

The agreement stipulates two exceptions: Domestic workers qualify for 75% of the minimum wage (R15 per hour), and workers in the agricultural sector will be paid 90% of the minimum wage (R18 per hour) as from 1 May 2018. It is important to note that this dispensation is on track with international trends, where workers in these two sectors are often paid a percentage of the agreed minimum wage, or excluded in total.

The current hourly rate in terms of the sectoral determination is R16.25 (March 2017 to Feb 2018).

Deductions which are made in accordance with the sectoral determination, will still be allowed. The sectoral determinations will be attached as schedules to the Basic Conditions of Employment Act, instead of stand-alone determinations as they are now.

NMW is applicable to the following categories of workers:

1. Fulltime employed workers.
2. Casual workers.

The National Minimum Wage is calculated as money paid for hours worked, it excludes bonuses and other benefits. Deductions are allowed in accordance with section 34 of the Basic Conditions of Employment Act, and must be agreed to by the employee.

It is important to remember that managing productivity is the responsibility of the employer, and it will become more important to manage productivity properly as the cost of labour increases.

The aim is to elevate both the domestic worker and agricultural sectors to be on par with the National Minimum Wage, within two years of implementation. This will be subject to research done by the National Minimum Wage Commission, which will be established in terms of the National Minimum Wage Act.

### **3. Minimum working hours:**

Workers will be paid for 4 hours of work, regardless of how long they worked.

**4. The National Minimum Wage will be subjected to the same exemption process as the current sectoral determinations:**

Employers may, currently, apply for exemption from the sectoral determinations in terms of section 50 of the Basic Conditions of Employment Act. The same process will be followed for the National Minimum Wage, but with the added commitment that the turnaround time for exemption applications will be 30 days. If an employer has not heard whether an exemption has been granted within the 30-day time-frame, such an employer may deem the exemption as granted. The system used will resemble SARS' e-filing system.

**5. Employers will not be allowed to change conditions of service due to the National Minimum Wage:**

According to the agreement reached at NEDLAC, no employer will be allowed to unilaterally adjust conditions of employment, such as working hours, because of the introduction of the National Minimum Wage. This provision is backdated to 7 February 2017. Doing this would constitute non-compliance, and/or an unfair labour practice. Retrenchments due to the inability to pay workers the National Minimum Wage, may also open employers to possible non-compliance, or unfair dismissals. Government has resolved to assist employers to reach payment of the National Minimum Wage, the method will depend on research done by the National Minimum Wage Commission.

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