



Minimum Wage Report

SOUTH AFRICA

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Minimum Wage In South Africa

In South Africa, a Minimum Wage is the lowest hourly, daily or monthly wage that employers may legally pay employees or workers. It often applies to unskilled or semi-skilled workers in the service industry, in factories or manufacturing plants. In some countries, such as the United Kingdom, there is a national Minimum Wage. In South Africa, Minimum Wages are prescribed per sector or area.

Minimum Wages for the vulnerable

The Basic Conditions of Employment Act (BCEA) permits the Minister of Labour to set minimum terms and conditions of employment, including Minimum Wages. In South Africa, the Minimum Wage is directed at those who are often most vulnerable in the workplace. The Minister is advised in this regard by a body called the Employment Conditions Commission. Vulnerable sectors or areas are those with no unions or very little union activity and where wages tend to be low.

These sectors are :

- Domestic work sector
- Contract cleaning
- Private security sector
- Wholesale and retail
- Farm worker sector
- Forestry sector
- Taxi sector
- Learnerships
- Children in the performance of advertising, artistic and cultural activities

Different Minimum Wage rates

Minimum Wage rates may differ across geographical areas - for example, if one works in a city or rural environment. They may also differ in terms of pay periods (daily, monthly or yearly). Job function, years of experience and working hours are also factors.

Annual review

In South Africa, Minimum Wages are usually set for a year. The Minister of Labour has the power to review and increase minimum wages. This happens annually and is often linked to the consumer price index (CPI). However, this only applies to minimum wages and not actual wages. Parties are still at liberty to negotiate for better increases, using the minimum as a floor.

Minimum Wages are part of a larger wage system

Wages can be set in South Africa in three ways:

- In the statutory system of wage determination through the Bargaining Councils.
- Through sectoral determinations made by the Minister of Labour.
- Outside that system, in centralised and decentralised bargaining at company (single employer) and plant level.

Minimum Wages affect many South African workers

Based on the latest comprehensive employment figures (from 2007) the sectors with Minimum Wage determinations jointly covered about 5.5 million workers: 40% of the South African workforce.

Minimum Wage Rates

Minimum Wages For All Employees In The Civil Engineering Sector In South Africa 01 September 2010 - 31 August 2011	
Task Grade	Rate per hour
Task Grade 1	R17.43
Task Grade 2	R17.66
Task Grade 3	R18.15
Task Grade 4	R18.77
Task Grade 5	R22.45
Task Grade 6	R25.50
Task Grade 7	R29.20
Task Grade 8	R32.74
Task Grade 9	R37.00

Minimum Wages For Contract Cleaners In South Africa

Area A	Area B	Area C		
<p>Metropolitan Councils: City of Cape Town, Greater East Rand Metro, City of Johannesburg, Tshwane and Nelson Mandela</p> <p>Local Council: Emfuleni, Merafong, Mogale City, Metsimaholo, Randfontein, Stellenbosch, Westonaria</p>	<p>In KwaZulu-Natal excluding any area covered by a bargaining council agreement.</p>	<p>In the rest of the RSA</p>		
Period	R/ph	Rate per hour	Period	R/ph
<p>01/12/2009 to 30/11/2010</p>	<p>R12.10</p>	<p>Same rates as prescribed by the bargaining council</p>	<p>01/12/2009 to 30/11/2010</p>	<p>R10.90</p>
<p>01/12/2010 to 30/11/2011</p>	<p>R12.51</p>	<p>Same rates as prescribed by the bargaining council</p>	<p>01/12/2010 to 30/11/2011</p>	<p>R11.27</p>

¹ Defined by Statistics South Africa as the Consumer Price Index excluding owners equivalent rent

Employers in South Africa who employ Farm Workers are legally bound to pay at least the Minimum Wage.

Minimum Wages For Farm Workers In South Africa		
1 March 2010 to 28 February 2011	1 March 2011 to 29 February 2012	
Hourly (R)	6.74	Previous years' wage + CPI*+1%
Weekly (R)	303.84	
Monthly (R)	1316.69	

*CPI (excluding owners' equivalent rent) has replaced CPIX as the new headline earning. The CPI utilized for the purpose of 1 March 2010 to 28 February 2011 calculation of minimum wages for the farm worker sector is the one available 6 weeks prior to 1 March 2010 and therefore the November 2009 (Published 15/12/2009) was utilized as the December 2009 CPI will only become available on 27/01/2010, and stood at 5.9%. The gazetted adjustment indicated that CPI plus 1% should be used to determine the new minimum wage level, therefore the minimum wage will be adjusted by 5.9% + 1% = 6.9%.

For More Information on Minimum Wages in South Africa Kindly
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Minimum Wages For Employees In The Forestry Sector In South Africa

Minimum rate for the period 1 April 2009 to 31 March 2010	Minimum rate for the period 1 April 2010 to 31 March 2011	Minimum rate for the period 1 April 2011 to 31 March 2012					
Monthly (R)	Weekly (R)	Hourly (R)	Monthly (R)	Weekly (R)	Hourly (R)	Monthly (R)	Weekly (R)
1138.71	262.8	5.84	1221.83	281.98	6.26	Previous year's minimum wage + CPI* + 1%	

*CPI as reported by Statistics SA available six weeks before the increases become effective.

The CPI that was available 6 weeks prior to the wage increase from 1 April 2010 to 31 March 2011 was the CPI for December 2009 and stood at 6.3% (published 27 January 2010 and available until 23 Feb 2010). The minimum wage increase was pegged at CPI + 1%, which means that the increase will amount to 6.3% + 1% = 7.3%)

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Minimum Wages for the Taxi sector in South Africa

The minimum wages for the taxi sector will increase as from 01 July 2009. This increase is based on the CPIX plus two percent (2%) as it was published in the Taxi amendment of July 2008. The monthly rate for Taxi Drivers and administration workers will increase from R1740.53 to R1933.72 per month, while for Rank marshals will increase from R1392.42 to R1546.97; the wages for other workers not specified elsewhere will increase from R1218.38 to R1353.62. The boarding allowance will also increase from R220.00 to R240.02. For more information, you can visit the Department's website on www.labour.gov.za. Please note that the StatsSA has replaced CPIX with CPI Excluding owner's equivalent Rent.

The Minimum Wages for the Taxi Sector for 2010/2011 have not yet been released by the Department of Labour.

Minimum Wages For Employees In The Taxi Sector.			
Minimum Rate For The Period 1 July 2009 To 30 June 2010			
	Monthly	Weekly	Hourly
Drivers	R1933.72	R446.27	R9.29
Admin workers	R1933.72	R446.27	R9.29
Rank marshals	R1546.97	R357.02	R7.43
Workers not elsewhere specified	R1353.62	R312.39	R6.50

The CPIX rate used to calculate the minimum wage increase applicable from 1 July 2009 to 30 June 2010 is the rate that was available 6 weeks prior to the increase becoming effective, which is the March 2009 CPI (excluding Owners Equivalent Rent) rate of 9.10% plus 2%. The minimum wage increase will therefore increase by 11.10%.

Minimum Wage Legislation

Frequently Asked Question

1	Is there a separate legislation relating to minimum wages in South Africa
	<p>There is no national (statutory) Minimum Wage. However, the Basic Conditions of Employment Act (BCEA) permits the Minister of Labour to set minimum terms and conditions of employment, including Minimum Wages. They are in place in areas of economic activity where labour has been deemed vulnerable. These are in nine sectors:</p> <ul style="list-style-type: none">• Domestic work sector• Contract cleaning• Private security sector• Wholesale and retail• Farm worker sector• Forestry sector• Taxi sector• Learnerships <p>Children in the performance of advertising, artistic and cultural activities</p> <p>If a sector or area is not considered vulnerable, there are no minimum wages, regardless of the fact that some employees in that sector or area may be paid very low wages.</p>
2	Do one or more minimum wages exist that is/are determined by law?
	Yes, more than one minimum wages exist which are determined by law.
3	At what level are minimum wages determined?
	Minimum wages are determined at national, regional, sectoral and occupational/skill level.
4	On what basis is minimum wage calculated?
	Minimum wages is calculated at daily, hourly, weekly and monthly basis.

Minimum Wage Legislation

Frequently Asked Question

5	Are governmental bodies, employer and/or trade union representatives involved in minimum wages setting?
	Department of Labour, Employer organisations at company and plant level, All registered trade unions and trade union confederations. Other than that Minimum Wages are included in centralised and decentralised bargaining at company (single employer) and plant level.
6	How are upratings (adjustments) of minimum wages decided upon?
	In the case of sectors which fall under the Department of Labour minimum wages are adjusted Unilaterally by the government. In the case of sectors which are covered by a collective agreement concluded at a Bargaining Council or through centralised or decentralised bargaining at company or plant level, it is adjusted After consultation of employer and trade unions representatives
7	How frequently is the fixed component of minimum wage updated?
	Minimum Wage is a fixed component which is adjusted annually. Upratings are mostly calculated three to four years in advance, and are normally fixed for one year.
8	What is/are the yardstick/s on which minimum wage upratings are based?
	Upratings are usually calculated based on the Minimum Wage for the sector, + CPIX/CPI + 1%
9	What is the national poverty line? (In national currency)
	The national poverty line is R515.00

Minimum Wage Legislation

Frequently Asked Question

10	How often is poverty line updated?
	The national poverty line was created in 2008 and has not been adjusted since then.
11	When was poverty line last updated? (YYYY/MM)
	The national poverty line was created in 2008 and has not been adjusted since then.
12	What is the percentage of minimum wage relative to the current poverty line?
	The (lowest) average Minimum Wage is around R1500 per month. The poverty line is R515 per month. Therefore the percentage of Minimum Wage is 200% more.
13	What is the incidence of minimum wages(s) in the national labour force (wage earners only)?
	There is no comprehensive data to calculate.
14	How is minimum wages compliance regulated?
	The Department of Labour monitors Minimum Wages that fall under the departmental regulations. Inspectors from the Department of Labour make investigations about the implementation of labour laws, rules and regulations. There are 800 inspectors in the country. Trade Unions monitor Minimum wages that are regulated through Bargaining Councils. Employers (and employees) and trade unions monitor Minimum Wages that are included in centralised and decentralised bargaining at company (single employer) and plant level.

Minimum Wage Legislation

Frequently Asked Question

15	Which legal sanctions can be applied in compliance is lacking?
	<p>If a complaint is lodged with the Department of Labour concerning Minimum Wages, and an employer is found to be guilty of paying below the stated Minimum Wage, the employer can be fined. If a complaint is lodged with the Department of Labour concerning Minimum Wages, and an employer is found to be guilty of paying below the stated Minimum Wage, the employer can come to an arrangement with the employee to pay arrears.</p>
16	Are sanctions often being applied?
	<p>Although the Minimum Wage system is in place, the reality is that South Africa's numerous prescribed Minimum Wages are ignored 45% of the time, an investigation commissioned by the Department of Labour has found. Although there are 800 inspectors charged with examining labour practice and Minimum Wages, there is still a very incidence of non-compliance, particularly in the domestic work and agriculture sectors.</p>
17	Are employer and/or trade union representatives involved in compliance procedures?
	<p>Employers and trade union representatives are involved in compliance procedures through the Department of Labour. All complaints are registered with the department.</p>
18	To whom/Where can individuals complain, if they think they are earning less than minimum wages
	<p>Individuals can complain to the Department of Labour if they think they are earning less than the Minimum Wage. Trade Union members can also complain to their union representatives. Individuals can complain to the Department of Labour if they think they are earning less than the Minimum Wage. Trade Union members can also complain to their union representatives.</p>

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