



LABOUR LAW NEWSFLASH – INFO MAILER

The National Minimum Wage and more

A panel of advisors has proposed a National Minimum Wage (NMW) of R3,500 per month which is equivalent to R20 per hour.

This figure has received mixed reactions, no doubt fanned by the inevitable dilemma: One would never have enough to be enough but that figure may be too much for employers to survive.

Background

The discussion was accelerated a few years ago at the Ekurhuleni Declaration. At this gathering, Deputy President Cyril Rhamaposa engaged social partners to arrive at a future path to improve the labour relations environment, including the implementation of a National Minimum Wage.

International trends

National or statutory minimum wages exist in a number of Organisation for Economic Co-operation and Development (OECD) countries, but there are differences in the way they are set and operate.

The NMW has been implemented in a number of countries internationally with mixed success. One must bear in mind that different mechanisms are put in place to allow for the introduction thereof, including dropping certain social benefits – something that is unlikely to occur in South Africa.

A number of factors need to be considered when arriving at the figure for the NMW. These include inter alia: Labour instability, job creation/loss, international business credibility gained/lost, impact on enforcement, small enterprises, impact of collective bargaining and political risk.

Not the only discussion

But this is not the only development. There has also been progress with regards to a possible secret ballot and advisory arbitration in the event of industrial action. These developments, together with the Code of Good Practice on Collective Bargaining, Industrial Action and Picketing, the Accord of commitments by leadership of constituencies, and other legislative provisions targeted at addressing prolonged and violent strike action are aimed at securing improved labour relations stability.





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Whilst there is still a process to following in respect hereof, we are now a step closer in taking the journey towards improved labour stability.

Implementation of National Minimum Wage

The Panel has recommended a phase-in period and proposed certain timelines for this as well as introducing special conditions. The panel has gone further to recommend an exemption process subject to the effective motivation of an inability to afford this NMW.

The process

The social partners would now have to take the recommendations to their respective constituencies and then engage one another in order to arrive at a final figure and an implementation process.

We will keep you posted on developments.

Regards

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