



EMPLOYMENT

National Minimum Wage Act: What employers need to know about the 2026 review

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South Africa's National Minimum Wage Act (NMWA) has been in force since 2019 and continues to shape the wage landscape for employers across all industries. The legislation sets the statutory floor below which no employee may be paid and requires annual adjustments to ensure that the wage remains relevant in light of economic pressures. For employers, the upcoming 2026 review of the minimum wage is an important development, not only because it will impact payroll costs but also because it highlights the government's broader policy direction around fair pay and equity.

The Current Wage Rates

The current minimum wage rate, effective from 1 March 2025, is R28.79 per hour. This amounts to roughly R4 737 per month for a 38-hour workweek or R5 610 per month for a 45-hour week. This was a 4.4% increase on the 2024 rate of R27.58, in step with inflation and in line with the National Minimum Wage Commission's earlier CPI-plus-adjustment proposal. Previous increases were more substantial, such as the pre-2024 rate of 9.62 percent. The rate applies across the board, including for domestic and farm workers, who were previously paid a reduced amount but are now aligned with the national standard. Exemptions remain limited to members of the Defence Force, National Intelligence Agency, and the Secret Service.

The 2026 Review and Expected Changes

The National Minimum Wage Commission has opened the process for public submissions on the 2026 adjustment. The submission deadline has been extended to 30 September 2025 and along with the extension, the commission has also called on stakeholders to complete **an online survey and questionnaire** which will also go into consideration in the final report, after which the Commission will make recommendations to the Minister of Employment and Labour. Employers, industry associations, trade unions and other stakeholders are encouraged to take part in this process.

Although the precise figure is not yet confirmed, projections suggest an increase of at least 3%, which would bring the minimum wage to around R29.65 per hour or higher. The 2026 adjustment is also important because it concludes the Commission's current medium-term framework of guaranteeing above-inflation increases. Beyond 2026, the Commission may introduce a new methodology that ties adjustments more closely to average or median wages in the economy.

Factors Driving Adjustments

When recommending changes, the Commission must balance several competing considerations. These include inflation and the cost of living, to ensure wages do not lose purchasing power, as well as South Africa's broader economic performance, including GDP growth and unemployment. Collective bargaining outcomes in major sectors, which provide a benchmark for feasible increases, also provide guide rails for the general increases in terms of the NMWA. Additionally, the ability of employers, particularly small and medium enterprises, to absorb increased wage bills without cutting jobs, is considered. Of no small further importance are social justice considerations, given the role of the NMWA in reducing wage inequality.

Public Comment – An Opportunity for Employers

The Commission has opened the **call for written submissions** regarding potential adjustments to the 2026 NMW. Interested parties – such as workers, employers, businesses, and advocacy groups have been invited to make written submissions, which can be made via email or posted to the Department of Employment and Labour. An online survey and questionnaire have also been made available on the Department's website and social media platforms to facilitate participation.

Employers should view this as an opportunity to put forward practical concerns about affordability, the impact on margins and sustainability, and the potential knock-on effects for employment. Industry-specific submissions are especially valuable, as they help the Commission understand how wage increases affect different sectors.

Looking Ahead

Employers should prepare for at least a moderate increase in wage costs from March 2026. While the precise rate will be determined only after consultation, businesses would be well advised to model scenarios of between 3% and 5% increases in payroll costs. It is also prudent to monitor developments at NEDLAC, where possible structural amendments to the Act itself are under discussion.

The National Minimum Wage Act remains a cornerstone of South Africa's labour policy. For employers, compliance is not optional, and the financial implications of annual increases must be carefully managed. With the public submission window open until 30 September 2025, employers have a chance to influence the debate and ensure their sector's voice is heard. Looking forward, the 2026 adjustment will not only affect payroll but may also signal a shift in how wage policy is structured in the years to come.



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