

EMPLOYMENT

Update: agreement on the National Minimum Wage signed

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On 8 February 2017, *Fin24* reported that according to the Federation of Unions of South Africa, an agreement had been reached, and signed, between parties at the National Economic Development and Labour Council (“NEDLAC”) regarding the imposition of a national minimum wage. It has been reported that the agreement was signed by, among others, the Deputy President of the Republic of South Africa Cyril Ramaphosa.

The agreement is said to provide for a national minimum wage of R20 per hour and the agreement is due to be effective from 1 May 2018. It has also previously been reported, by *Business Day* on 7 February 2017, that agreement has been reached that a National Minimum Wage Commission will be established to, among others, review the national minimum wage on an annual basis. It is expected that President Zuma will provide details regarding the minimum wage during the State of the Nation address at Parliament on Thursday 9 February 2017. It is also reported that some form of incentive for employers may be introduced to assist with the impact of the minimum wage.

Business Day has further reported that according to a draft document dated 7 February 2017, legislation will be drafted to give effect to the minimum wage. It is expected that all bargaining council agreements, collective agreements, sectoral determinations and contracts of employment will have to comply with the national minimum wage.

Once the signed agreement has been published, we will keep you updated on any developments in this regard. In particular, regarding:

- The exact scope of application of the national minimum wage;
- Whether an exemption process is provided for and, if so, what such process would entail;
- The details of the incentive which may be offered to employers;
- Whether the R20 per hour will be calculated as a cash component or in terms of the employees’ cost to company; and
- The exact manner in which the national minimum wage will impact on existing bargaining council agreements, sectoral agreements and collective agreements (whether on a national or plant level).

Should you require any further information regarding the below and how it may impact upon you please do not hesitate to contact us.

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