NATIONAL MINIMUM WAGE DID NOT CONTRIBUTE TO JOB LOSSES IN THE COUNTRY, COMMITTEE HEARS

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Research findings from the University of Cape Town (UCT) reveal that the national minimum wage had not led to job losses, the Portfolio Committee on Employment and Labour heard on Wednesday.

Prof Adriaan van der Walt, the Chairperson of the National Minimum Wage Commission, briefed the Portfolio Committee on Employment and Labour on the adjustment of the national minimum wage.

Briefing the committee, Prof Van der Walt said: “Research findings reveal that there had been no negative impact on employment as a result of the introduction of the national minimum wage in 2019. The introduction of the national minimum wage led to a statistically significant increase, but smaller than expected, improvement in wages for the workers it covers.”

The committee sought clarity on the presentation, especially in light of the statistics as released by the labour force survey on Tuesday. Mr Mike Cardo said the claim that the national minimum wage has not led to job losses did not make sense, based on the labour force survey.

He sought clarity on whether the adjustment of the national minimum wage would be sustainable given the labour force’s statistics that came out yesterday. Mr Michael Bagraim wanted to know what had the research found with regard to retrenchments in farms, as retrenchments would be convenient for farmers to offset the increases in farm workers’ wages. Furthermore, he sought clarity on exemptions and the application process for those employers who could not afford the national minimum wage.

Other issues the committee sought clarity on included budget cuts at the CCMA (Commission for Conciliation, Mediation and Arbitration), the capacity and number of inspectors, exemptions and whether a database exists for those who do not comply with the national minimum wage.

The Chairperson of the committee, Ms Lindelwa Dunjwa, said domestic workers and farm workers were largely employed in privately owned establishments and homes. “It depends on me to open the door for an inspector, there could be a high level of intimidation, and this matter is being politicised.”

It was responded that the labour force survey’s statistics did not stipulate that job losses were as a result of the national minimum wage. The UCT research specifically looked at what was the effect of the national minimum wage. The increase from R20 to R21.69 will stimulate growth. The exemptions system works exactly the same as the tax system and that exemptions should be applied for, but employers should submit financial information.

The CCMA is the least affected entity by the budget cuts under the Department of Employment and Labour. The department tried to caution it, given the important work they are doing.

The Director-General of the Department of Employment, Mr Thobile Lamati, said the department needed to ensure that the CCMA did not feel the pinch and that resources were allocated in such a way that all entities functioned optimally.

Mr Lamati told the committee that the inspectors are able to inspect the whole country and that the farming sector was the most cooperative and compliant sector, and that only 3% of complaints received were attributed to the farming sector.

The national minimum wage was started following major wage violations and the complexity in wage levels. It is reviewed annually and adjustments are proposed based on available evidence. The research findings will be availed to the committee.

**By Sibongile Maputi**
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