

**Ministry**

**Employment & Labour**

**Republic of South Africa**

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**NATIONAL ASSEMBLY**

**WRITTEN REPLY**

**QUESTION NUMBER: 2320 [NW2738E]**

**2320. Mrs C C S Motsepe (EFF) to ask the Minister of Employment and Labour:**

Whether his department has undertaken a study to ascertain if there are still retailers who pay their workers less than R3 500 per month; if not, what is the position in this regard; if so, (a) how widespread is the exploitative practice and (b) what are the names of the retailers?NW2738E

**REPLY:**

I think it’s important to explain firstly that the legislated national minimum wage (NMW) is not R3500 per month but R23.19 per hour payable for the numbers of ordinary hours worked.

The NMW Act requires the NMW Commission to review the NMW annually and to make recommendations to me on any adjustment of the NMW. In undertaking this function, the Commission is expected to annually undertake a research in order to gain insights on changes to working hours, employment, wages and non-compliance as a result of changes in the NMW.

The latest quantitative research shows that the average level of NMW non-compliance in 2020Q1, before the NMW was adjusted, was 35.8, meaning that approximately 36% of all workers were paid below the NMW. A year later, in 2021Q1, this number remained much the same, at 36.2. In 2020, the NMW was adjusted by 3.8%, and wages appeared to have risen by roughly this amount for those who remained employed in 2021Q1, meaning that the overall rate of non-compliance remained stable. However, the researchers found that the depth of violation did fall over the period, suggesting that for those workers earning below the NMW, wages increased in real terms, but not all the way up to the NMW.

The research report further shows that across industry categories there was a substantial variation in rates of NMW violation. Agriculture had the largest proportion of sub-NMW earners, and this appears to have increased over the period. Construction, Wholesale and Retail Trade, and Domestic Work, all had rates of violation close to 45%, and these remained relatively unchanged. Levels of violation appeared to have also risen in Finance, and Transport.

It is important to indicate however that the quantitativeresearch looks at changes to working hours, employment, wages and non-compliance as a result of changes in the NMW across different sectors and not on individual companies.

**END**