

**Ministry**

**Employment & Labour**

**Republic of South Africa**

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**NATIONAL ASSEMBLY**

**WRITTEN REPLY**

**QUESTION NUMBER: 428 [NW608E]**

**428. Dr M J Cardo (DA) to ask the Minister of Employment and Labour:**

Whether the National Minimum Wage Commission has conducted research into the impact of the national minimum wage on (a) employment and (b) poverty levels; if so, (i) what are the relevant details and (ii) by what date will the research be made publicly available? NW608E

REPLY:

The National Minimum Wage Commission is required by section 11 (b) of the National Minimum Act to investigate and report annually to the Minister on the impact of the national minimum wage on the economy, collective bargaining and in conducting that exercise, they have outsourced a research that will inform the adjustment to the national minimum wage level.

For the 2020 adjustment the researchers experienced some challenges such as the fact that accurately isolating the main effects of the NMW would require a reasonable time to have elapsed after the introduction of the NMW, and given that the NMW came into effect in January 2019, a comprehensive study on the short-term impacts in South Africa could not justifiable begin until after June 2020.

Also, there is an unavoidable time lag in the release of the quarterly survey (Quarterly Labour Force Statistics) by Stats SA that the researchers use to obtain the relevant labour market information that they need to accurately analyse the impact of the NMW.

 These challenges inadvertently led to the delay in the reviewing of the national minimum wage which was only reviewed and implemented on the 1st March 2020 by CPI 3.8% in order to protect low-income workers from erosion in their incomes.

For the 2021 adjustment, the Commission is intending to publish a comprehensive research in the second half of the year into the overall impact of the national minimum wage on employment, poverty and inequality. This is however dependent on the progress that will be given by the researchers on the meeting scheduled for the 24th March 2020.