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GOVERNMENT NOTICES • GOEWERMENTSKENNISGEWINGS

DEPARTMENT OF EMPLOYMENT AND LABOUR**NO. R. 6943****11 December 2025**

National Minimum Wage Commission proposal for 2026 adjustment

NATIONAL MINIMUM WAGE ACT NO. 9 OF 2018**INVESTIGATION INTO THE NATIONAL MINIMUM WAGE****INVITATION FOR WRITTEN REPRESENTATIONS**

I, Imraan Valodia, Chairperson of the National Minimum Wage Commission, hereby present the Commission's report and recommendations on the annual review of the national minimum wage and hereby invite written representations in respect of the recommendations in accordance with section 6(2) of the National Minimum Wage Act, No. 9 of 2018.

Such representations should reach the directorate: Employment Standards, Department of Employment and Labour, Private Bag X117, Pretoria, 0001 or be sent to nmwreview@labour.gov.za by 12 January 2026.

.....
Professor Imraan Valodia**CHAIRPERSON: NATIONAL MINIMUM WAGE COMMISSION**

DATE: 10 December 2025

THE NATIONAL MINIMUM WAGE COMMISSION PROPOSAL FOR 2026 ADJUSTMENT





employment & labour

Department:
Employment and Labour
REPUBLIC OF SOUTH AFRICA

NATIONAL MINIMUM WAGE ACT NO. 9 OF 2018

INVESTIGATION INTO THE NATIONAL MINIMUM WAGE

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LIST OF ACRONYMS

CPI	Consumer Price Index
DPRU	Development Policy Research Unit
GDP	Gross Domestic Product
ILO	International Labour Organisation
NMW	National Minimum Wage
NMWC	National Minimum Wage Commission
QLFS	Quarterly Labour Force Survey
SEDFA	Small Enterprise Development and Finance Agency
SME	Small and Medium enterprises
SMME	Small, Medium and Micro-Sized Enterprises
Stats SA	Statistics South Africa
UCT	University of Cape Town

1. THE NATIONAL MINIMUM WAGE COMMISSION RECOMMENDATION FOR ANNUAL ADJUSTMENT OF MINIMUM WAGE

Minimum wages are a widely used policy tool to protect the earnings of low-paid workers and to promote decent living standards. In South Africa, the National Minimum Wage Commission recommends how the Minister should set minimum wages through statutory regulation under the National Minimum Wage Act, which came into effect in 2019.

The function of the National Minimum Wage Commission is, among others, to review the national minimum wage and make recommendations for its adjustment on an annual basis. The Commission's annual review process carefully considers all research, including that directly procured by the Commission, on the effects of the minimum wage, all publicly available data on key indicators of the economy, public input, as well as the Commission's mandate in terms of the National Minimum Wage Act.

Approximately 5.5 million workers are paid at or below the national minimum wage in South Africa. This highlights the importance of the Commission's role in safeguarding vulnerable workers and their households. It therefore remains imperative to strike a careful balance between the legitimate needs of workers and the prevailing economic conditions, ensuring that measures to improve wages do not undermine the long-term viability of businesses, and does not negatively impact on employment.

South Africa's minimum wages are reviewed annually in a process that involves social dialogue and input from economic experts. This approach aligns with the International Labour Organization's (1970) Minimum Wage Fixing Recommendation for regular reviews to ensure that the wage maintains its value and purchasing power.

Based on a careful consideration of all of the evidence and on extensive deliberations among Commissioners, the National Minimum Wage Commission recommends that the minimum wage for 2026 be adjusted by the rate of consumer price index, plus 1,5%.

The Commission has noted that compliance with minimum wage legislation remains a major challenge in the country, particularly in sectors with high levels of informality such as agriculture and domestic work. Moreover, the Commission works closely with the Department of Employment and Labour (DEL) to ensure that there are appropriate mechanisms to allow exemption where businesses genuinely cannot afford the prescribed wage. The DEL provides an exemption system that allows for temporary relief while maintaining the overall integrity of the minimum wage framework. In 2025, the Department of Employment and Labour received one hundred and three (103) requests for exemption.

The National Minimum Wage Commission expresses its sincere appreciation to employers, employees, community stakeholders and advocacy groups for their valuable contributions to the minimum wage review process.

2. MANDATE

The National Minimum Wage Commission (NMWC) carries out its annual review of the national minimum wage in line with Section 6 of the National Minimum Wage Act of 2018¹. This provision obliges the Commission to examine the minimum wage each year and submit recommendations to the Minister regarding possible adjustments. Importantly, the Act requires that the Commission's report reflect a diversity of perspectives, including those expressed by the public. In order to meet this obligation, the Commission invited written submissions and received a wide range of inputs from trade unions, employer organisations, employee representatives, and other interested parties.

In fulfilling its mandate, the Commission must also consider the broader economic environment. This responsibility ensures that the review process remains responsive to shifts in both the economy and the labour market. Among the factors considered are living standards, the circumstances of low-income earners, levels of employment, and the overall performance and competitiveness of the economy. This holistic approach enables the Commission to balance social needs with economic realities when formulating its recommendations.

Specific considerations are given to:

- Inflation, the cost of living and the need to retain the value of the national minimum wage;
- Wage levels and collective bargaining outcomes;
- The growth in the Gross Domestic Product (GDP);
- Productivity levels;
- The ability of employers to carry on their businesses successfully;

1. The National Minimum Wage No 9 of 2018. Hereinafter referred to as the Act or the National Minimum Wage Act.



- The operation of small, medium and micro-enterprises (SMME) and new enterprises; and
- The likely impact on employment or employment creation.

Through its annual review, the Commission is able to evaluate the evidence linked to the identified indicators and to consider the written submissions put forward by various stakeholders.

This review is presented in the following structure:

- Outlines the evidence, as required in the Act;
- Annexure A presents a summary of public input for the adjustment of the minimum wage.
- Annexure B summarises labour market effects of South Africa's recent national minimum wage.
- Annexure C provides a comprehensive breakdown of the collective bargaining agreements for the period under review.

3. MINIMUM WAGES AND THE MINIMUM WAGE EARNER PROFILE

Since its introduction in 2019 at R20.00 per hour, the national minimum wage has seen incremental increases, reaching R28.79 per hour in 2025 (Figure 1).

Figure 1: Hourly minimum wages, 2019-2025.



Source: Department of Employment and Labour

Drawing from 2025Q2 of the Quarterly Labour Force Survey, Development Policy Research Unit (2025) estimates that about 5,5 million workers covered by the national minimum wage to be as follows:

- 19% work in the trade industry, 18% in CSP services, 15% in finance, 16% in private households and 11% in agriculture
- 87% are non-union members, and 13% are member of a workers' union
- 84% work in the formal sector, 17% work in the informal sector
- 41% work in enterprises with 0 to 9 workers, 29% 10 to 49 workers, 30% 50 or more workers.

Data suggests that a typical minimum wage earner in South Africa in trade industry, works in the formal sector, is not a union member and works for a small enterprise. These insights are critical aid in identifying sectors of high vulnerability.



4. AIMS OF THE ACT AND FACTORS TO CONSIDER IN THE ANNUAL ADJUSTMENT

A. PROMOTING AIMS OF THE ACT

i. Medium-term targets

The National Minimum Wage Act requires the Commission to “set medium term targets for the national minimum wage within three years of the commencement of this Act” (11(d)). It requires the Commission to “promote” these targets in the context of alleviating poverty and reducing wage differentials while considering a number of other factors (7(a) and (b)), amongst others, the implications for economic growth, employment, collective bargaining, small business, and inequality. In effect, the medium-term target for the national minimum wage should help evaluate progress toward achieving the main aims of the Act over time, but does not in itself determine the annual increase.

The Commission’s Medium-Term Target, aims to ensure that: *‘All wage-earning employees earn enough to maintain a decent standard of living, defined as sufficient to support themselves and their families at a level that is both socially acceptable and economically viable. The target should ensure that the value of the national minimum wage does not decline relative to the median wage.* In practice, to achieve this target, the Commission (will seek to) increase the value of the minimum wage gradually over time in real terms (that is relative to CPI).

ii. The alleviation of poverty

As per Section 7 (a) National Minimum Wage Act, poverty alleviation is a key consideration in the Commission’s review of the national minimum wage. While the policy legislates a wage floor below which no worker must be paid, a reasonable minimum wage, relative to prevailing poverty lines, protects vulnerable households from falling deeper into poverty.

iii. The reduction of wage differentials and income inequality

A minimum wage policy is important in shaping wage differentials and income equality in the labour market by raising earnings of those at the bottom of the wage distribution.

The so-called Kaitz ratio, which measures the level of the minimum wage relative to the median wage, is an important measure of how the minimum wage compares to average wages in the economy. As at 1 March 2025, the minimum wage is R28,79 per hour. This generates a Kaitz ratio of 0.83. As is evident from the graph below, the Kaitz ratio in South African is among the highest in the world (DPRU, 2025).



Kaiz ratio

Mean = 0.60

Country (Year)	Kaiz ratio
Belarus (2017)	0.15
United States (2018)	0.26
Algeria (2017)	0.26
China (2018)	0.26
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B. FACTORS TO CONSIDER IN THE ANNUAL ADJUSTMENT

Inflation reduces consumers' purchasing power by eroding the real value of income. As prices rise, households afford fewer goods and services with the same amount of money.

4

Figure 3: CPI headline inflation year-on-year rate, 2020-2025



Source: Statistics South Africa. Consumer Price Index P0141 October 2025

Table 1 shows October 2025 inflation that was experienced across different expenditure deciles. Household expenditure is generally used as an acceptable proxy for income.

Households in lower expenditure deciles typically experience a higher rate of inflation than households in higher expenditure deciles. This is mainly due to differences in spending patterns, where low income households ordinarily spend a larger proportion of their income on essentials such as food and transport, while high income households tend to spend a large proportion of their income on discretionary goods and services.

Table 1 shows that inflation across the ten expenditure deciles tended to increase steadily, with a notable plateau between decile deciles 4 and 5. In particular, households in decile 1 (2.3%), decile 2 (2.5%) and decile 3 (2.8%) experienced the lowest inflation, while the highest rate of inflation was experienced at expenditure decile 10 (3.9%). This suggests that inflation was higher for higher income households than it was for lower income households.

Table 1: CPI per expenditure decile

Decile	Expenditure	October 2025 inflation rate
Decile 1	up to R35 864	2.3
Decile 2	R35 865 up to R51 168	2.5
Decile 3	R51 169 up to R64 855	2.8
Decile 4	R64 856 up to R80 320	3.0
Decile 5	R80 321 up to R97 976	3.0
Decile 6	R97 977 up to R120 028	3.1
Decile 7	R120 029 up to R150 774	3.2
Decile 8	R150 775 up to R202 419	3.4
Decile 9	R202 420 up to R307 885	3.6
Decile 10	R307 886 and more	3.9

Source: Statistics South Africa. Consumer Price Index P0141 October 2025

To understand the drivers behind the annual change in CPI, Table 2 breaks down how different product groups contributed to the overall inflation in September and October 2025. The largest contributor to the annual change was housing and utilities, which remained unchanged from month to month at 1,1 percentage points. Food and non-alcoholic beverages group was also significant contributor, although it moderated from 0,8 percentage points to 0,7 percentage points.



Table 2: Contributions of the different groups to the annual percentage change in the CPI headline

Group	September 2025	October 2025
Food and non-alcoholic beverages	0.8	0.7
Alcoholic beverages and tobacco	0.2	0.2
Housing and utilities	1.1	1.1
Health	0.1	0.1
Transport	0.0	0.2
Recreation, sport and culture	0.1	0.1
Education services	0.1	0.1
Restaurants and accommodation services	0.2	0.1
Personal care and miscellaneous services	0.1	0.1
Residual	0.7	0.9
All Items	3.4	3.6

Source: Statistics South Africa. Consumer Price Index P0141 October 2025

ii. Wage levels and collective bargaining outcomes

Wage levels

From 1 March 2025, the national minimum wage increased to R28.79 per hour, approximately R5 416 per month. If effective minimum wages should raise the wages of covered workers. In order to test whether this increase had any positive effects on the wages of covered workers, as well as on overall wages, the Development Policy Research Unit (2025) found no significant increase on wages for the period 2024Q2 to 2025Q2. The wage effects remain subdued amidst the prevalence of high levels of non-compliance.

Collective bargaining outcomes

In the review and the adjustment recommendation for the new national minimum wage, the Commission also gave regard to the collective bargaining agreement across various industries which differ by region, as well as skill level. These agreements concluded on either a specified hourly, weekly, monthly rate, or a percentage-based increase that is around 6% on average. A percentage-based agreement, like that of the Furniture Manufacturing Industry, included a provision for renegotiation if the inflation rate falls outside the 3% - 6% range. Some bargaining councils aligned the wage increments for the lowest paid employees to the national minimum wage. For a comprehensive breakdown of the data, please refer to Annexure C

Median settlement levels

Median settlement levels in collective bargaining are presented in Table 4 below. The median value represents the midpoint in a range of wage increases negotiated across various industries.

The settlement levels provide on how collective bargaining outcomes compare to the national minimum wage and this helps the Commission determine how the minimum wage compares to the typical wage growth in key sectors. The data show that most industries settled at a median increase of 6%. Notably, Electricity, Gas & Water recorded a higher median increase of 7%, while Agriculture, Hunting, Forestry & Fishing had the lowest at 5.1%.



Table 3: Median wage settlement levels in collective bargaining in South Africa (%). Jan –Sept 2025

Industry	Median Wage Increase (%)
Agriculture, Hunting, Forestry & Fishing	5.1
Community, Social & Personal Services	6
Construction	6
Electricity, Gas & Water	7
Financing, Insurance, Real Estate & Business Services	6
Manufacturing	6
Mining & Quarrying	6
Transport, Storage & Communication	6
Wholesale & Retail Trade, Catering & Accommodation	6
Award Benchmark	6

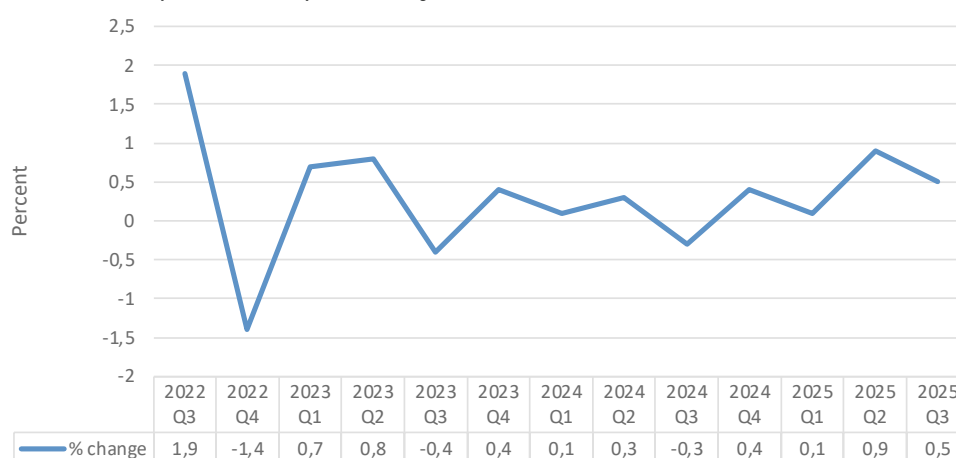
Source: Labour Research Service (Actual Wage Rates Database: 2025)

iii. Gross Domestic Product

Figure 4 shows South Africa's quarterly economic output as measured by production from the third quarter of 2023 to the third quarter of 2025. The figure shows that growth increased to 0.5% in the second quarter of 2025, following an increase of 0.9% recorded in the second quarter of the year.

In the third quarter, trade, catering and accommodation sector grew by 1.0%, adding 0.1 percentage points to overall GDP growth. Similarly, the mining and quarrying sector expanded by 2.3%, also contributing 0.1 percentage points.

Figure 4: Gross domestic product at market prices (% change)



Source: Statistics South Africa. Gross Domestic Product P0441 Quarter 3 2025

iv. The ability of employers to carry on their businesses successfully

It is essential for businesses in South Africa to remain operational and sustainable as they serve as a key catalyst for economic growth.

While the National Minimum Wage Act (section 2) aims to advance economic development and social justice through the application of the national minimum wage, the Act considers the effect that annual minimum wage adjustments may have on employers' ability to carry on their businesses successfully. To account for this, the Act provides a mechanism through which qualifying employers may apply for a temporary exemption from paying the national minimum wage, ensuring support where genuine financial pressure exist.



v. The operation of small, medium or micro-enterprises and new enterprises

Small, medium, and micro enterprises (SMMEs) play a vital role in South Africa's economy, driving job creation, innovation and overall economic growth.

Table 4 summarises key indicators related to small and medium and micro enterprises. Data shows that although the number of SMMEs grew by 8.1% year-on-year to almost 3 million in the second quarter of 2025, there was a 0.9% decline when compared to the previous quarter. This was largely due to a 5.3% decline in the number of formal SMMEs. Informal SMMEs, however, remained resilient with a 0.5% quarterly increase.

The number of jobs provided by SMMEs contracted 10.9% quarter-on-quarter, despite a 1.3% year-on-year increase.

Although SMEs contribution to total enterprise turnover improved to 36.6% in the second quarter, it remains below the level recorded a year ago.

Table 4: SMME key indicators

Indicator	2024Q2	2025Q1	2025Q2	Quarter-on-quarter % change	Year-on-year % change
Number of SMMEs	2 765 766	3 019 164	2 990 937	-0.9%	8.1%
Number of formal SMMEs	769 605	882 150	835 641	-5.3%	8.6%
Number of informal SMMEs	1 923 023	2 053 711	2 064 733	0.5%	7.4%
Number of jobs provided	11 109 687	12 626 806	11 253 332	-10.9%	1.3%
% operating in trade and accommodation	39.2%	33.0%	35.8%	2.8% pts	-3.3% pts
% operating in community services	14.9%	17.8%	16.4%	-1.4% pts	1.6% pts
% operating in construction	12.0%	12.9%	13.0%	0.2% pts	1% pts
% operating in finance and business services	14.8%	15.8%	14.6%	-1.2% pts	-0.2% pts
% black-owned formal SMMEs	75.8%	74.3%	75.7%	1.4% pts	-0.2% pts
% contribution of SMEs to turnover of all enterprises	39.8%	33.2%	36.6%	3.4% pts	-3.2% pts

Source: Small Enterprise Development and Finance Agency. SMME Quarterly Update 2nd Quarter of 2025

iv. Impact on employment or the creation of employment.

The Development Policy Research Unit (2025) conducted a quantitative analysis of the National Minimum Wage covering a period from the third quarter of 2023 to the second quarter of 2025. This analysis was done on behalf of the Commission.

Employment

- The analysis finds no evidence of any meaningful changes in wages in the period under review. Both descriptive and micro-economic methods suggest that wage levels have remained largely stable.
- Consequently, the analysis finds no notable effects on employment levels or working hours.



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ANNEXURE A: SUMMARY OF PUBLIC INPUT

The National Minimum Wage Act tasks the Commission to review the national minimum wage annually and recommend adjustments. The Commission is to investigate and report annually to the Minister on the impact of the national minimum wage on the economy, collective bargaining and the reduction in income differentials and make such information available to the public. The National Minimum Wage Act requires that the Commission's review report should reflect on alternative views, including interest of the public.

The NMWC published a government notice on the 19th of August 2025, requesting for written inputs on the review of the 2026 national minimum wage. The notice was further advertised on the departmental website and social media platforms for extended visibility. The notice was also advertised on 75 community radio stations for maximum reach. A survey questionnaire was attached to the government notice.

This report is based on thirty-five (35) written inputs received by the Department of Employment and Labour; from trade unions (3), interested parties (7), employees' representatives (25) and a total of 437 respondents who took part in the survey. The Commission is unable to verify the veracity of evidence used in arguments made in the public's submissions.

Employer organisations

Twenty-five (25) employer organisations submitted their written proposals. Eighteen (18) of the organisations proposed a CPI based adjustment, while the remaining seven (7) called for abolishment or freezing of the adjustment.

The employer organisations outline several issues to consider in the adjustment of the national minimum wage, they can be summarised as follows:

- The South African national minimum wage is reported to be higher than that of its counterparts; for example, Chile, Brazil and Peru.
- The weak economy of South Africa means that employers are operating on narrow margins. In the agricultural, this could push the sector further into mechanisation.
- It is reported that the wool market is under considerable pressure due to the low demand internationally. Outbreaks such as the foot and mouth disease, African swine fever and avian influenza are placing severe strain on cash flow of farmers in Mpumalanga.
- Producers are facing new tariffs on exports to the United States, impacting competitiveness.
- The negative impact of load-shedding still lingers, while poor road infrastructure (potholes, damaged routes) leads to fruit damage, reducing market value both locally and internationally.
- While the agricultural sector showing some recovery from a drought, greater temperature extremes and less winter rain have raised the risks of veld fires, requiring costly firefighting equipment and labour-intensive fire control. Labour is among the largest cost items for farming operations, particularly in labour-intensive subsectors such as horticulture.
- Farms are reported to taking on escalating expenses in electricity, irrigation, logistics, compliance requirements and private security. The recent electricity tariff increases have resulted in electricity costs increasing by more than 25%.
- The commercial agricultural sector is unfortunately not included in the EPWP in its current form. The private sector is partly being accommodated in the "Non-State Sector" whereby funds are allocated to non-profit organisations to implement the EPWP. Although tax incentives such as the Employment Tax Incentive (ETI) – a cost-sharing mechanism with government which reduces employers' cost of hiring young people – have been put in place. There is a perception that qualifying and complying with the ETI is onerous and restrictive.
- Minimum wages are perceived to be a barrier that exclude new entrants to the job market. About 21% of domestic workers are reported to have lost all employment, while 36% have lost some form of employment due to minimum wages.
- SMMEs which are the backbone of job creation, they are said to operate with limited financial buffers and cannot easily absorb higher wage costs.
- Businesses, especially in low-margin sectors like contract cleaning, retail and domestic work, have faced increased labour costs without matching revenue growth.
- The RMB/BER Business Confidence Index (BCI)11 slipped further by one point to 39% in the third quarter of 2025, following a five-point decline in the second quarter of 2025.
- The Agbiz/IDC Agribusiness Confidence Index (ACI) fell for a second consecutive quarter by 2 points to 63 in 2025Q3.



Trade Unions

The following are summaries of the proposal from trade unions:

- COSATU proposes that the national minimum wage be increased by CPI plus 3%. The reasons given by COSATU for the increase are that it raises wages of more than 6 million impoverished workers, especially farm, domestic, construction, retail etc. The national minimum wage should account for rising food prices and other essentials such as Eskom prices and household debt, not just general inflation. COSATU continues to be especially interested in the EPWP, CWP and the setting of the BCEA threshold for a reasonable roadmap to be developed.
- SADSAWU indicates food insecurity as one of the clearest indicators of the inadequacy of the minimum wage. This is evident in the domestic workers who cannot afford food despite being employed.

Interested parties

These are the proposals from interested parties:

- There is a perception that the commission is hiding the real extent of non-compliance, hence it is not reporting on it.
- The interested parties' views vary from complete scrapping of the national minimum wage, maintaining a living wage and not adjusting the wage at all.
- The organisations that are against the increase of the national minimum wage cite the high rate of unemployment and the high setting of the wage as reasons why it should not be adjusted.
- The level of the national minimum wage is deemed to be totally inadequate to meet the needs of workers.
- An increase in the national minimum wage remains essential to keep up with the ever-changing economic climate, especially for the poor and to improve food insecurity and hunger.
- It is also recommended that wage-setting be aligned with the National Development Plan (NDP) 2030 and Sustainable Development Goals (SDGs). particularly SDG 1 (No Poverty), SDG 3 (Good Health and Wellbeing), and SDG 10 (Reduce inequality within and among countries).

Survey results

The objectives of the survey are as follows:

- To determine the level of support for the adjustment of the national minimum wage for 2026.
- To establish the desired percentage increase from the respondents.
- Elicit information from respondents on whether they believe the national minimum wage is enough to cover basic living expenses
- To establish the existing concerns about the adjustment of the national minimum wage.

The survey reveals the following findings:

- Fifty-four percent (54%) of respondents endorse the wage adjustment, while 45.8% are not in support of the adjustment of the wage.
- Most respondents (42.8%) support a CPI linked increase. Seventeen point six (17.6 %) recommended a no increase, while 17.2% recommend a higher than inflation adjustment.
- Support and opposition of the national minimum wage varies significantly across industries. Industries such as mining, wholesale, motor trade and financial intermediaries were unanimously in support of the national minimum wage, whereas insurance, accommodation, private households and agriculture tended to be against the minimum. Data suggests that support for the national minimum wage tends to be strongest in formal, higher-revenue industries that can absorb wage increases, while it is weakest in labour-intensive, lower-revenue industries.
- The current national minimum wage in South Africa is R28.79 per hour, effective from 1 March 2025. Survey respondents were asked whether the current national minimum wage is sufficient to cover basic living expenses. The majority (66.4%) believed that the current national minimum wage is enough to meet basic needs, while 33.6% felt it is not sufficient.



The following were the key concerns about the adjustment of the national minimum wage:

- The national minimum wage is too low.
- The lack of enforcement and compliance
- Regional and sectoral differences not considered
- The national minimum wage delays entry into the labour market
- The unaffordability of the national minimum wage
- Job losses
- Corruption is the real issue
- The national minimum wage fuels inflation

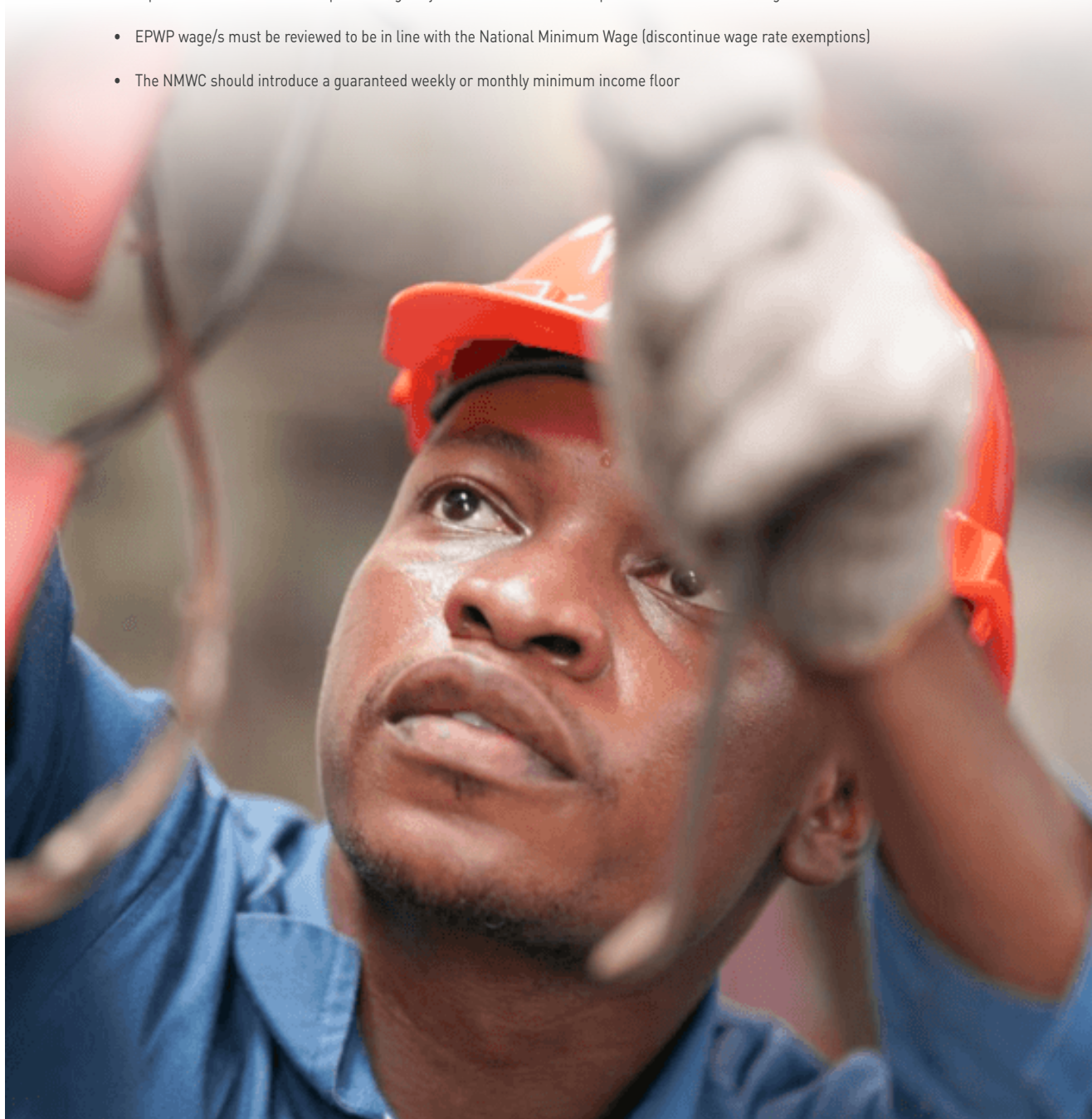
- **Limitations of the survey**
 - The sample size is not representative. Generalisations cannot be made to the entire population.
 - The survey data showed a strong concentration of responses from the Agricultural sector in Western Cape, with a majority of inputs coming from employers. This bias limits the ability to generalize the findings into a national context. To address these limitations and to ensure a more inclusive understanding of stakeholder perspectives, it would be worthy to consider targeted focus groups in underrepresented provinces and industries in future research or stakeholder engagements. Focus groups offer the advantage of capturing nuanced, qualitative insights, that may be overlooked in a survey-based approach.

- **Recommendations**
 - The sustainability of businesses, particularly small and medium-sized enterprises (SMEs) need to be considered. While larger firms may, in some instances, have the capacity to absorb incremental increases in labour costs, the reality is that most SMEs widely recognised by government and economists as the backbone of job creation in South Africa remain disproportionately vulnerable to such adjustments.
 - The discussion on the national minimum wage must be situated within the broader goals of the Agriculture and Agro-processing Master Plan [AAMP], developed as a social compact between government, industry and labour to unlock inclusive growth.
 - The wage adjustments should be linked to economic indicators: The minimum wage trajectory should be linked to agricultural GDP growth and sectoral profitability to ensure that adjustments are aligned with the sector's capacity.
 - The NMW Commission is urged to take cognisance of the in-kind benefits that Agricultural sector employees receive.
 - A medium-term target that reflects real-term growth and considers the broader economic implications needs to be set.
 - Targeted Relief Measures: Expansion of the Employment Tax Incentive (ETI) to support youth employment and simplified compliance support for SMMEs to meet national minimum wage obligations.
 - Review Mechanism: Establish a mid-year review process to allow for adjustments should economic indicators (inflation or growth) deviate substantially.
 - The Department of Employment and Labour should ensure exemption applications have been engaged with affected unions and workers and publish all exempted employers on its website as required by the Act.
 - The National Minimum Wage Commission should recognise the gendered and racialised inequality faced by domestic workers.
 - Enforcement should include urgent measures for compliance and enforcement, including inspections in private houses.
 - The adjustment of the NMW should account for rising food prices and other essentials, not just general inflation.
 - The National Minimum Wage must be a Living Wage.
 - The NMW Commission to indicate whether the forestry, hospitality and taxi sectoral determinations are still in effect. It appears that



these sectoral determinations have become outdated and have effectively ceased to exist.

- Review the Code of Good Practice on Dismissals to ensure that vulnerable workers are not disproportionately exposed to arbitrary termination.
- The NWM Commission should make available to the public all the actual written submissions and not restrict the information to the number of submissions received.
- The commission should make available information on Sectoral Determinations.
- The National Minimum Wage Commission should hold public hearings ahead of the 2026 review of the national minimum wage.
- There must be improved access to UIF Benefits for Seasonal Workers and Zero-hour workers.
- Integrate a Health Impact Assessment into the annual wage review (Apply equity- and gender-disaggregated analyses and assess and report on the distributional impact of wage adjustments across sectors, provinces, and worker categories)
- EPWP wage/s must be reviewed to be in line with the National Minimum Wage (discontinue wage rate exemptions)
- The NMWC should introduce a guaranteed weekly or monthly minimum income floor



ANNEXURE B: MEASURING THE IMPACT OF THE 2025 NATIONAL MINIMUM WAGE INCREASE

EXECUTIVE SUMMARY

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December 2025

INTRODUCTION

This document summarises our preliminary empirical evidence of the short-term effects of South Africa's 2025 National Minimum Wage (NMW) increase, drawing on four quarters of nationally representative labour market survey microdata from Statistics South Africa's (Stats SA) Quarterly Labour Force Survey (QLFS), covering 2024Q3–2025Q2. Because only one post-increase quarter (2025Q2) was available, these findings should be interpreted as only very short-term evidence.

MAGNITUDE OF THE 2025 NMW ADJUSTMENT

The NMW rose to R28.79 per hour (R5,614/month for a 45-hour work week) in March 2025, representing a 4.4% nominal and 1.7% inflation-adjusted (or "real") increase. This continues a multi-year trend in which the NMW has grown faster than wage levels across the wage distribution. As a result, South Africa's NMW now sits at roughly the 40th percentile of the distribution, placing it among the highest minimum-to-median wage ratios (referred to as the Kaitz ratio) globally (0.83), well above middle- and high-income peer countries.

NO DETECTABLE SHORT-TERM IMPACT ON WAGES, EMPLOYMENT, OR HOURS

Across multiple descriptive and causal micro-econometric approaches, we do not find evidence of any meaningful change in wages following the 2025 adjustment:

- Descriptive analysis of wage distributions before and after the adjustment shows no upward shift, neither overall nor among low-wage workers. Wage percentiles remain stable across the four quarters analysed. And expectedly then, several wage inequality measures show no significant change.
- More rigorous causal inference techniques, including various Difference-in-Differences (D-i-D) and Regression Discontinuity Designs (RDD), likewise detect no statistically significant effects on wages, working hours, or employment probabilities.

The absence of measurable effects is consistent with the relatively modest real increase and the persistently high level of non-compliance.



HIGH AND PERSISTENT NON-COMPLIANCE

Non-compliance remains a central constraint that influences the impact of the NMW. While we cannot precisely measure compliance using the QLFS, the wage data suggests that a maximum of 40% of employees (equivalent to about 5.5 million) earned below the NMW in 2025Q2.² This figure has remained largely unchanged over the four quarters analysed. Workers earning below the NMW typically earn about R18/hour – around 38% below the NMW – and are concentrated in lower-skilled occupations, smaller firms, and non-unionised jobs. These workers report that their wages are primarily determined by their employers alone, and most have limited access to existing forms of social insurance. Notably, non-compliance varies widely across groups. For instance, it is highest in the Agriculture and Private Households (Domestic Work) and workers in Elementary Occupations, as well as informal sector workers. Geographically, non-compliance exceeds 50% in several provinces (e.g., KZN, Limpopo), and at the district municipality level, it ranges widely from 22% to 81%.

ENFORCEMENT CAPACITY AND CONSTRAINTS

Data from Department of Employment and Labour (DEL) annual reports and presentations from the Inspection and Enforcement Services (IES) are also suggestive of extremely high non-compliance rates. The available data shows that in 2024 initial inspections found close to 80% of employers to be noncompliant in at least some dimension (labour laws, health and safety, or employment equity), noting that of course inspectors would be aiming to uncover violations intentionally. In total, South Africa employed 1,736 labour inspectors in 2024. Given the size of the country's labour force, the ratio of inspectors to workers (approximately one inspector per 10,000 employees) is broadly in line with international average and median values. This suggests that South Africa's high levels of non-compliance may not be due to an insufficient number of inspectors. Importantly, however, these figures reflect the scope of enforcement capacity but not the nature or effectiveness of enforcement activities. This implies that simply increasing the number of inspectors may not yield substantial improvements in compliance without complementary reforms to enforcement practices.

CONCLUSION AND IMPLICATIONS

These findings raise several considerations for future NMW adjustments. The 2025 increase did not appear to translate into measurable wage gains or employment losses. With the NMW now exceeding 80% of the median wage, South Africa is approaching the upper bounds of international experience. Further above-inflation increases may heighten non-compliance and shift the NMW from a binding legal standard toward an aspirational benchmark. Policymaking will benefit from future analytical work which should draw on complementary datasets, such as NT-SARS tax administrative microdata (noting their limited labour market detail), undertake more detailed sector-level assessments, and further investigate the nature and drivers of non-compliance. Planned engagements, such as the Non-Compliance Workshop scheduled for 2026, offer opportunities to deepen this work. Overall, while the 2025 increase did not negatively affect employment, it also did not raise wages for low-paid workers, underscoring the need for enhanced enforcement and sector-sensitive policy approaches rather than continued upward adjustments alone.

2. Notably, this group includes workers in public employment programs who are covered by a lower NMW. It also cannot account for the legal allowance that workers are paid up to 10% of their wages in kind. Finally, it is common that wages in labour force surveys are underreported to some extent, and one reason for this is that workers may not always accurately report their gross earnings before any deductions.



ANNEXURE C: COLLECTIVE BARGAINING OUTCOMES

Bargaining council	Agreement period	Increment
Furniture Bargaining Council (For Free State only)	May 2025 to April 2026	General worker, as per national minimum wage rate increase. Semi-skilled: R29,90 p/h Skilled: R31,02 p/h Chargehand: R33,26 p/h Foreman/Supervisor: R33,26 p/h
Bargaining Council for the Furniture Manufacturing Industry, (All areas excluding Free State).	May 2025 – April 2026	General worker: 6%. Semi-skilled employee: 6% Skilled employee: 6% Chargehand: 6% Foreman/Supervisor: 6%
Bargaining Council for the Furniture Manufacturing Industry, (KwaZulu-Natal).	July 2025 – June 2026	Unskilled worker: as per national minimum wage Semi-skilled: R30,13 p/h Skilled: R31,83 p/h Chargehand: R34,32 p/h Foreman/Supervisor: R34,32 p/h
	From July 2026	Unskilled worker: as per national minimum wage Semi-skilled: R31,49 p/h Skilled: R33,26 p/h Chargehand: R34,32 p/h Foreman/Supervisor: R35,86 p/h



Bargaining council	Agreement period	Increment
Bargaining Council for the Furniture Manufacturing Industry, (Cape Provinces).	April 2025 – March 2026 From April 2026	Unskilled worker: R28,79 p/h Semi-skilled: R30,00 p/h Skilled: R32,00 p/h Chargehand: R32,00 p/h Foreman/Supervisor: R32,00 p/h Unskilled worker: Unskilled worker: as per national minimum wage Semi-skilled: R31,80 p/h Skilled: R34,30 p/h Chargehand: R34,30 p/h Foreman/Supervisor: R34,30 p/h If CPI falls outside the range of 3%-6% at the end of February 2026, wage increases shall be renegotiated
Bargaining Council for Building Industry (North and West Boland)	November 2025 – October 2026	Unskilled (R/45hours): R5 358.37 Semi-skilled (R/45hours): R10 011.39 Skilled (R/45hours): R11 010.97
Bargaining Council for Building Industry (Cape of Good Hope)	October 2028	Unskilled worker: R10 469.29p/m Semi-skilled: R17 137.05 p/m Skilled: R22 842.26 p/m
Bargaining Council for the Meat Trade (Gauteng)	Until June 2026	Semi-skilled: R5 839.78 Skilled: R7 160.40
Bargaining Council for the Restaurant, Catering and Allied Trades	Until May 2028	Unskilled worker: R28,76p/h Semi-skilled: R31,50 p/h Skilled: R50,36 p/h
Bargaining Council for the Fishing Industry	Until December 2026	Unskilled worker: R218,32 p/d Semi-skilled: R272,61 p/d Skilled: R472,57 p/d



Bargaining council	Agreement period	Increment																					
National Bargaining Council for the Hairdressing Industry of South Africa	Until December 2025	Unskilled worker: R5 254.27 p/m Semi-skilled: R6 090.23 p/m Skilled: R8 291.56 p/m																					
National Bargaining Council for the Electrical Industry	Until February 2029	<table><tr><td colspan="3">Unskilled (R/44hours)</td></tr><tr><td>Tier 1</td><td>Tier 2</td><td>Tier 3</td></tr><tr><td>R5 856.58</td><td>R5 269.78</td><td>R4 684.88</td></tr></table> <table><tr><td colspan="3">Semi-skilled (R/44 hours)</td></tr><tr><td>16 529.51</td><td>R14 875.80</td><td>R13 223.99</td></tr></table> <table><tr><td colspan="3">Skilled (R/44 hours)</td></tr><tr><td>R28 374.14</td><td>R25 535.39</td><td>R22 698.55</td></tr></table>	Unskilled (R/44hours)			Tier 1	Tier 2	Tier 3	R5 856.58	R5 269.78	R4 684.88	Semi-skilled (R/44 hours)			16 529.51	R14 875.80	R13 223.99	Skilled (R/44 hours)			R28 374.14	R25 535.39	R22 698.55
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Leather Bargaining Council Footwear	Until February 2029	<table><tr><td colspan="2">Unskilled (R/week)</td></tr><tr><td>Area A</td><td>Area B</td></tr><tr><td>R2 526.45</td><td>R2 779.09</td></tr></table> <table><tr><td colspan="2">Semi-skilled (R/week)</td></tr><tr><td>R3 233.63</td><td>R3 562.50</td></tr></table> <table><tr><td colspan="2">Skilled (R/week)</td></tr><tr><td>R3 668.08</td><td>R4 034.89</td></tr></table>	Unskilled (R/week)		Area A	Area B	R2 526.45	R2 779.09	Semi-skilled (R/week)		R3 233.63	R3 562.50	Skilled (R/week)		R3 668.08	R4 034.89							
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Leather Bargaining Council Handbags	Until June 2026	<table><tr><td colspan="2">Unskilled (R/week)</td></tr><tr><td>Area A</td><td>Area B</td></tr><tr><td>R1 428.64</td><td>R1 571.50</td></tr></table> <table><tr><td colspan="2">Semi-skilled (R/week)</td></tr><tr><td>R1 914.45</td><td>R2 105.90</td></tr></table> <table><tr><td colspan="2">Skilled (R/week)</td></tr><tr><td>R2 586.92</td><td>R3 175.61</td></tr></table>	Unskilled (R/week)		Area A	Area B	R1 428.64	R1 571.50	Semi-skilled (R/week)		R1 914.45	R2 105.90	Skilled (R/week)		R2 586.92	R3 175.61							
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Leather Tanning Bargaining Council	Until June 2026	Unskilled worker: R52, 21 p/h Semi-skilled: R72,82 p/h Skilled: R77,20 p/h																					



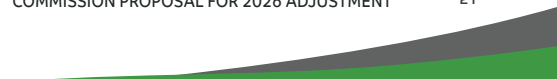






COMMISSION PROPOSAL FOR 2026 ADJUSTMENT

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