

## Agbiz host workshop on national minimum wage

On 23 May, Agbiz hosted an online workshop for members on the national minimum wage. The purpose of the workshop was to better understand the national minimum wage adjustment process and where and how Agbiz and its members can better influence the outcome of this process.

The 2023 minimum wage adjustment was very high – it amounted to a 9,6% increase. The National Minimum Wage Commission has also recently recommended that future increases must be above the consumer price index. The recommendation reads as follows: *“All wage-earning workers should earn a wage sufficient 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 will ensure that the value of the national minimum wage does not decline relative to the median wage. To achieve this target, the Commission will increase the value of the minimum wage gradually over time in real terms (that is, relative to CPI).”*

It is against this background that the workshop was held. Business representatives from the National Minimum Wage Commission were invited to explain the processes. The need to research on the impact of increases on the sector and on jobs was emphasized.

Agbiz requested reasons from the Minister of Employment and Labour regarding the minimum wage increase, the basis for the increase and what CPI was used. In the response from the Ministry, it was indicated that the October CPI value, which happened to be very high, was used, as this was the prevailing CPI at the time that the Commission made its recommendations. This was contrary to the established practice of using the CPI in the February immediately preceding the annual adjustment in March. Using the October 2022 CPI opposed to the February 2023 resulted in a full percentage point increase for the 2023/24 financial year. Going forward, Agbiz will attempt to get clarity regarding the calculation of CPI.

It was also indicated that research showed that the agricultural sector and the economy as a whole would be able to absorb the increase of 9,6%. The research was subsequently requested and received by Agbiz and will be studied thoroughly. The research found, amongst other things, that no significant changes in employment during the periods that follow the previous increases in the minimum wage in the agricultural sector, were observed. It was on this basis that the Commission assumed the sector could once again absorb a large wage increase. More detailed research may be required will assist the sector to make such research insights available to the Commissioners when considering the next adjustment. It was proposed that a research reference group be established to investigate the full suite of research available as well as gaps that may need to be researched.

### Disclaimer:

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There was also input on the value of company communication forums. These forums are intended to support collective bargaining with employees. It assists employees in understanding the companies, business objectives and helps to manage expectations.

Agbiz will utilize this information to prepare for the 2024 minimum wage adjustment.

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