



## **Summary of employment laws and labour costs**

**06 June 2023**

## 1. Employment laws

Employment in the country is regulated by certain Acts such as the Basic Conditions of Employment Act and Employment Equity Act among others. This section provides an overview of some of the employment laws in South Africa.

### 1.1 Earnings threshold and minimum wage

The annual earnings threshold was increased to R224 080.48 on 1 March 2022 by the Minister of Employment and Labour in accordance with the Basic Conditions of Employment Act. As stated in Section 6 of the National Minimum Wage Act of 2018, the national minimum wage has to be reviewed annually by the National Minimum Wage Commission who then make recommendations of any adjustment to the Minister of Employment and Labour. The mandatory minimum wage rate, effective 1 March 2022, is R23.19 per hour.

### 1.2 Working hours

An employee's working time must be regulated by the employer taking into account factors such as health and safety and family responsibilities. According to the [Basic Conditions of Employment Act](#), employers may require or permit their employees to work a maximum of 45 hours in any week (Nine hours per day if the employee works for at most five days in a week and eight hours per day if the employee works on more than five days in a week). Schedule 1 establishes procedures for the progressive reduction of the maximum ordinary hours of work to a maximum of 40 hours per week and eight per day. The Act makes provision for the ordinary hours of work to be extended by up to 15 minutes in a day but not exceeding 60 minutes in a week by agreement.

### 1.3 Annual leave

During a period of 12 months of employment with the same employer, employees are entitled to at least 21 consecutive days of paid annual leave as stipulate in the Basis Conditions of Employment Act. An agreement can be reached for the employee to take one day of annual leave for every 17 days worked or one hour for every 17 hours worked. An additional day of paid leave must be granted to an employee if a public holiday falls on a day during an employee's annual leave on which the employee would ordinarily have worked.

### 1.4 Maternity and paternity leave

As per the Basic Conditions of Employment Act, a working mother is entitled to at least four consecutive months of maternity leave, which may be taken at any time from four weeks before the expected date of birth or on a date recommended by a medical practitioner or a midwife. Unless a medical practitioner or midwife certifies that a working mother is fit to work, she may not work for six weeks after the birth of her child. In an event that an employee experiences a miscarriage during the third trimester of pregnancy or bears a stillborn child, she is entitled to maternity leave for six weeks after the miscarriage or stillbirth, regardless of whether the employee had commenced maternity leave at the time of the miscarriage or stillbirth. According to the Labour Laws Amendment Act of 2018, an employee is entitled to 10 consecutive days parental leave upon the birth of a child or the legal adoption of a child.

### 1.5 Employment equity

[The Employment Equity Act, 1998](#) seeks to achieve equity in the workplace by eliminating unfair discrimination and implementing affirmative action measures to rectify past imbalances. The Act prohibits an employer from unfairly discriminating against an employee on the basis of race, gender, sex, pregnancy, marital status, family responsibility, ethnic or social origin, colour, sexual orientation, age, disability, religion, HIV status, conscience, belief, political opinion, culture, language, and birth. However, it is not unfair discrimination to implement affirmation action measures in line with the Act or exclude/prefer any person based on an inherent requirement of a job. A designated employer is required to prepare and implement an employment equity plan. The plan must contain the following:

- The yearly objectives to be achieved
- The affirmative action measures to be implemented
- The numerical goals for achieving equitable representation where underrepresentation of people from designated groups has been identified
- A timetable for each year of the plan for the achievement of other goals
- The duration of the plan, which should be between one and five years
- Monitoring and evaluation procedures
- Internal dispute resolution procedures and
- The persons in charge of monitoring and implementing the plan.

An amendment to the Employment Equity (EE) Act of 1998, the Employment Equity Amendment Act of 2022, has been signed into law. [The Employment Equity Amendment Bill, 2020](#) was introduced in Parliament in July 2020 and passed by National Council of Provinces on 17 May 2022. The Amendments give power to the Minister of Employment and Labour to set numerical targets for identified economic sectors to ensure the equitable representation of suitably qualified people from designated groups at all occupational levels in the workforce, and to regulate compliance criteria for the issuance of certificate to qualifying employers in terms of Section 53 of the Act.

## 1.6 Broad-Based Black Economic Empowerment

[Broad-Based Black Economic Empowerment \(B-BBEE\) Act, 2003](#), is intended to facilitate the economic empowerment of black people (Africans, coloured and Indians who are citizens of South Africa). The codes of good practice, which are issued by the Minister of Trade, Industry and Competition, highlight the indicators and the basis for measuring B-BBEE. Companies are awarded points based on the representation of black people in all occupational categories and at all levels of their workforce. As companies move up the B-BBEE levels, they become more competitive, which increases their chances of securing government contracts.

For certain industries such as mining, having a particular level of B-BBEE ownership is a requirement for acquiring a licence. Compliance with B-BBEE requirements present both direct and indirect incentives. Foreign companies should take B-BBEE requirements into account prior to incorporation as the failure to meet these requirements could prevent them from engaging in some business activities in South Africa and could pose a hindrance to competing favourably with local companies. It may be advisable to employ the expertise of a service provider for guidance in meeting B-BBEE requirements.

## 2. Labour Costs

The following tables 1 to 4 provide an overview of average labour cost in the Western Cape relative to the rest of the country.

Table 1: Average hourly nominal compensation per worker: skills level (2021)

Geography	Total (formal and informal)	Formal sector: Total	Skilled	Semi-skilled	Low skilled
South Africa	93.76	106.83	183.30	91.53	49.77
<b>Western Cape</b>	<b>91.83</b>	<b>104.42</b>	<b>179.37</b>	<b>88.68</b>	<b>47.38</b>
KwaZulu-Natal	86.80	98.19	168.40	81.59	45.08
Gauteng	107.47	121.71	202.24	98.38	59.28

Source: Quantec (2022)

Table 2: Average hourly nominal compensation per worker: total (formal and informal sector): industry (2021)

Industry	South Africa	Western Cape	KwaZulu-Natal	Gauteng
Agriculture, forestry and fishing	20.88	<b>22.65</b>	19.33	33.11
Mining and quarrying	150.73	<b>197.72</b>	90.10	125.42
Manufacturing	124.26	<b>122.92</b>	113.30	136.17
Electricity, gas and water	416.76	<b>418.80</b>	382.02	488.55
Construction	56.33	<b>57.69</b>	53.67	63.61
Wholesale and retail trade, catering and accommodation	58.57	<b>64.63</b>	58.03	66.73
Transport, storage and communication	139.53	<b>140.08</b>	123.44	165.52
Finance, insurance, real estate and business services	94.87	<b>98.61</b>	75.38	111.88
General government	179.74	<b>173.54</b>	170.90	202.43
Community, social and personal services	96.43	<b>99.76</b>	98.80	99.38

Source: Quantec (2022)

Table 3: Average hourly nominal compensation per worker: formal sector: industry (2021)

Industry	South Africa	Western Cape	KwaZulu-Natal	Gauteng
Agriculture, forestry and fishing	24.55	<b>27.36</b>	22.53	37.60
Mining and quarrying	140.19	<b>194.18</b>	86.39	122.53
Manufacturing	133.31	<b>130.29</b>	120.64	144.79
Electricity, gas and water	429.48	<b>430.30</b>	390.58	503.46
Construction	71.72	<b>70.04</b>	67.00	79.19
Wholesale and retail trade, catering and accommodation	78.05	<b>82.18</b>	74.67	86.23
Transport, storage and communication	178.67	<b>171.45</b>	157.95	203.84
Finance, insurance, real estate and business services	102.36	<b>105.21</b>	81.19	119.19
General government	179.74	<b>173.54</b>	170.90	202.43
Community, social and personal services	104.49	<b>108.55</b>	105.09	108.95

Source: Quantec (2022)

Table 4: Average hourly nominal compensation per worker: manufacturing industry (2021)

Geography	Skilled	Semi-skilled	Low skilled
South Africa	241.48	111.93	96.62
<b>Western Cape</b>	<b>234.08</b>	<b>107.90</b>	<b>90.62</b>
KwaZulu-Natal	229.58	102.05	83.74
Gauteng	252.28	118.00	105.92

Source: Quantec (2022)

Table 5 shows the average salaries for selected occupations in Cape Town.

Table 5: Average Salary in Cape Town

Installation & Maintenance	
Technician	R399 682
Senior Technician	R450 364
Inspector	R407 249
Senior Telecommunications Technician	R436 507
Maintenance Person	R792 364
Process Operator	R125 682
Fiber Technician	R462 952
Telecommunications Technician	R428 235
Senior Maintenance Person	R858 139
Radio Technician	R488 808
Senior Field Service Engineer	R875 291
Senior Inspector	R493 390
Senior Maintenance Person	R858 139
Senior Operator	R155 040
Senior Plant Operator	R170 711
Senior Process Operator	R150 270
Senior Technician	R450 364
Senior Telecommunications Technician	R436 507
Technician	R399 682
Telecommunications Technician	R428 235
Vehicle Technician	R401 008
Sales	
Senior Sales Professional	R927 002
Retention Specialist	R417 967
Promoter	R928 616
Vendor Manager	R448 595
Plan Manager	R1 410 417
Partnership Manager	R1 208 837
Collection Agent	R349 218
Customer Relations Manager	R1 330 010
Senior District Executive	R829 659
Senior Business Development Specialist	R803 956
Account Officer	R461 499
Software Development	
Senior Software Engineer	R904 760
SAP ABAP Developer	R870 029
.NET Developer	R576 560
Application Developer	R1 034 085
Data Engineer	R958 326
Developer	R518 577
Development Operations Engineer	R929 889
Front End Developer	R810 227
GIS Developer	R649 374
Junior Developer	R381 186
Principal Software Architect	R1 069 215
Principal Software Engineer	R1 091 135
Programmer	R764 528
SCADA Engineer	R870 029
Senior Developer	R802 790

Senior Product Manager	R840 607
Senior Software Engineer	R904 760
Sharepoint Developer	R678 103
Software Architect	R1 186 772
Technical Lead	R445 402
Unix Administrator	R934 883

Source: indeed (2023)

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