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WRITTEN REPRESENTATION TO THE NATIONAL MINIMUM WAGE COMMISSION ON THE 2027/2028 NATIONAL MINIMUM WAGE ADJUSTMENT

Submitted by the Pietermaritzburg Economic Justice & Dignity Group (PMBEJD) - September 2026

To:

Chairperson

National Minimum Wage Commission

ATTENTION: Mr Gavin Hartford at nmwreview@labour.gov.za

Executive summary

The Pietermaritzburg Economic Justice & Dignity Group (PMBEJD) respectfully submits this representation to the National Minimum Wage Commission in fulfilment of the Commission's mandate to consider inflation, the cost of living, wage levels, and the need to retain and improve the value of the National Minimum Wage (NMW).

This submission argues that the current methodology used in National Minimum Wage adjustments continues to underestimate the inflationary pressures experienced by low-paid workers. The Commission's deliberations should be guided not only by headline inflation measures, but also by the actual expenditure patterns of workers whose incomes are concentrated on essential goods and services.

PMBEJD's analysis demonstrates that:

- The value of the National Minimum Wage deteriorated during 2026 despite the March 2026 adjustment.
- Between April and August 2026, the combined cost of transport, electricity and food increased by R509.31 per month. Transport and electricity consumed 65.8% of a worker's wage, leaving only R1,653.35 available for food and all other household necessities. By August 2026, a worker earning the National Minimum

Wage faced an affordability deficit of R3,826.45 per month when measured against the cost of transport, electricity and food alone.¹

- Historical evidence shows that past CPI-linked National Minimum Wage adjustments have failed to retain the value of the wage when measured against worker-specific inflation.

PMBEJD therefore suggest three distinct levels of adjustment to be considered.

Adjustment Level	Rationale
10.0%	Compensates workers only for inflation already experienced between April and August 2026.
12.2%	Compensates workers for inflation already experienced and the foreseeable 2027/28 electricity tariff increase.
12% to 15%	Provides protection against future cost-of-living pressures and begins addressing the accumulated affordability deficit facing low-income households.

1. Introduction

PMBEJD's work on household affordability over many years has consistently demonstrated that the lived experience of low-paid workers differs materially from the inflation reflected in headline Consumer Price Index (CPI) measures. Workers earning low wages spend a disproportionate share of their income on transport, electricity and food. These expenditures carry a far greater weight within worker households than is reflected in the headline CPI basket.

For workers earning the National Minimum Wage, expenditure on transport, electricity and food is largely non-discretionary. Workers cannot choose not to travel to work. They cannot meaningfully reduce electricity required for cooking, refrigeration, communication, lighting and safety. Neither can households indefinitely reduce food consumption without severe nutritional consequences.

For this reason, PMBEJD has consistently argued that the National Minimum Wage should be assessed against the actual expenditure reality of workers rather than against general inflation measures which largely reflect spending patterns across a highly unequal society.

¹ All the data used in this submission is drawn from the PMBEJD Household Affordability Indexes, unless otherwise indicated. See the Household Affordability at <https://pmbejd.org.za/index.php/household-affordability-index/>

2. The Socio-Economic Context Facing Low-Paid Workers in South Africa

The broader socio-economic environment within which low-paid workers must survive remains deeply challenging.

Between April and August 2026:

- Employment declined from 17.099 million to 16.739 million workers.
- Official unemployment increased from 31.4% to 33.6%.
- Expanded unemployment increased from 42.1% to 43.8%.
- Black African unemployment increased from 35.3% to 37.6%.
- Expanded Black African unemployment increased from 46.3% to 48.0%.²

The implications of these trends are profound. As unemployment rises, a growing number of household members become dependent on a shrinking number of wage earners. PMBEJD's data indicates that each wage earner supports approximately 4.1 people. At the August 2026 National Minimum Wage level of R4,836.80 per month, this translates into approximately R1,179.71 per household member.

Employment therefore remains an insufficient protection against poverty. Millions of South African workers remain poor despite being employed, and many working households continue to struggle to secure an adequate standard of living.

3. Historical Evidence: National Minimum Wage Adjustments Have Not Retained Value

PMBEJD's previous submissions demonstrated that annual National Minimum Wage adjustments have consistently failed to retain purchasing power when measured against the real cost increases experienced by workers on transport, electricity and food.

Historical analysis found that:

Adjustment Period	Increase in Core Worker Expenses	Increase in NMW
2022/23	R518.33	R235.54
2023/24	R551.49	R371.67

In both adjustment periods, inflation on worker expenses exceeded the Rand-value increase provided through the National Minimum Wage.

² Statistics South Africa (2026), Quarterly Labour Force Survey (QLFS), Quarter 1 2026 and Quarter 2 2026. Pretoria: Statistics South Africa.

The consequence has been a persistent affordability deficit. Previous PMBEJD analyses found affordability gaps ranging between 26% and 29%, with little evidence that annual adjustments are progressively improving the lives of low-paid workers.

The evidence suggests that CPI-linked adjustments applied to an already inadequate wage are insufficient to retain purchasing power and inadequate to progressively improve living standards.

4. Inflation on Core Worker Expenses During 2026

4.1 Transport

Transport remains the largest inflationary shock facing low-paid workers. During 2026, local taxi fares increased from R20 to R24, representing a 20% increase. Monthly transport expenditure increased from R1,520 to R1,920, an increase of R400 per month. Longer-term affordability trends show that transport costs increased from R1,260 in September 2020 to R1,920 in August 2026, representing cumulative growth of 52.4%. Because South Africa's spatial geography continues to separate many workers from centres of employment, transport expenditure remains unavoidable and increases in transport costs directly reduce the income available for food and other essential needs.

4.2 Electricity

Electricity continues to impose substantial pressure on worker households. The cost of purchasing 350kWh of prepaid electricity increased from R1,181.85 in April 2026 to R1,263.45 by August 2026, an increase of R81.60.

Over the longer term, electricity costs increased from R647.50 in September 2020 to R1,263.45 in August 2026, representing cumulative growth of 95.1%. Over the same period, the National Minimum Wage increased by approximately 45.6%.

Electricity costs have therefore grown at more than twice the rate of minimum wages.

4.3 Food Affordability

Food affordability remains a critical concern. Although food inflation moderated during parts of 2025 and 2026, food prices remain substantially higher than they were prior to the food inflation shocks of 2021 to 2023.

While the overall household food basket increased modestly between April and August 2026, from R5,452.09 to R5,479.80, this relative stability should not be interpreted as an easing of affordability pressures.

The cost of **core foods**, namely those foods purchased first to prevent hunger and prepare basic meals, increased from R2,873.16 to R2,910.86 over the same period. These foods account for approximately 53% of total household food expenditure.

PMBEJD continues to observe that households respond to rising transport and electricity costs by reducing expenditure on food, particularly nutritionally rich foods such as meat, dairy, fruit and vegetables. The result is not merely reduced food consumption but

worsening nutritional outcomes with its negative socio-economic impact on South Africa's long-term development trajectory.

Food affordability therefore remains under severe pressure despite lower current inflation rates.

5. The Wage Versus Expense Differential

A fundamental weakness of conventional wage adjustment methodologies is the assumption that applying inflation to the wage itself preserves its value.

PMBEJD's analysis demonstrates that this assumption is incorrect when worker expenses exceed the value of the wage.

The August 2026 figures illustrate the problem clearly.

Measure	August 2026
National Minimum Wage Income	R4,836.80
Transport	R1,920.00
Electricity	R1,263.45
Food Basket	R5,479.80
Total Core Expenses	R8,663.25
Deficit	-R3,826.45

The affordability deficit widened from R3,558.98 in April 2026 to R3,826.45 in August 2026.

Workers are therefore not merely experiencing inflation. They are experiencing a widening affordability crisis that annual CPI-linked adjustments have failed to address.

6. Household Food Affordability

Household food affordability cannot be assessed solely through movements in food inflation. The more important question is whether workers and their families can secure adequate nutrition after meeting unavoidable transport and electricity costs.

By August 2026:

- Transport and electricity together cost R3,183.45.
- These expenses absorbed 65.8% of the National Minimum Wage.
- Only R1,653.35 remained available for food and all other household needs.

Yet PMBEJD's nutritional food basket cost approximately R3,774.21. This created a food affordability shortfall exceeding R2,100 per month.

Households typically manage this deficit by reducing dietary quality, cutting protein consumption, purchasing fewer fruit and vegetables, relying on credit, and skipping meals.

The consequences extend beyond hunger. Nutritional insecurity affects health, educational outcomes, cognitive development, labour productivity and long-term economic development.

7. The Social and Economic Consequences of the Affordability Deficit

The affordability deficit reflected in this submission is not merely a household budgeting problem. It has far-reaching consequences for workers, families, communities, the economy and the state. When wages are insufficient to meet basic needs, households typically respond through:

- reduced food quality and nutritional intake;
- increased indebtedness;
- delayed healthcare expenditure;
- reduced educational expenditure;
- depletion of savings; and
- heightened vulnerability to economic shocks.

The consequences include poorer health outcomes, lower worker productivity, greater household vulnerability, weaker educational attainment and rising social instability.

The Commission should therefore recognise that maintaining the value of the National Minimum Wage is not simply a wage-setting exercise. It is also an investment in social cohesion, productivity, human development and economic sustainability.

8. Future Inflation Risks Facing Workers

The Commission should not rely exclusively on backward-looking inflation measures when determining future wage adjustments. National Minimum Wage determinations must protect workers not only from past inflation but also from reasonably foreseeable future inflation.

Several significant risks are already apparent.

8.1 Electricity Tariff Risks and the Erosion of Future Wage Gains

Electricity remains one of the largest affordability pressures facing low-paid workers. In August 2026, the cost of purchasing 350kWh of prepaid electricity amounted to R1,263.45 per month.

The Commission should carefully consider how foreseeable tariff increases are likely to erode the value of any future wage adjustment.

Assuming a 10% increase in the National Minimum Wage:

- Monthly NMW income would increase from R4,836.80 to R5,320.48.
- An 8.8% electricity tariff increase would raise the cost of 350kWh from R1,263.45 to R1,374.63.

Under this scenario:

Measure	Amount
Monthly NMW after 10% increase	R5,320.48
Cost of 350kWh after 8.8% increase	R1,374.63
Electricity share of income	25.8%

Even after a 10% wage increase, workers would still spend approximately **25.8% of their income on electricity alone**. The projected tariff increase would increase monthly electricity expenditure by **R111.18 per month**.

To compensate fully for this increase, the National Minimum Wage would require an additional adjustment equivalent to approximately: **R0.66 per hour, or 2.2% of the current National Minimum Wage**.

This means that once the anticipated electricity tariff increase is incorporated into the analysis, the minimum adjustment required to maintain purchasing power increases from **10% to approximately 12.2%**.

Importantly, this calculation still excludes future transport fare increases, fuel price increases, food inflation risks and the existing affordability deficit facing households.

8.2 Transport and Fuel Risks

Transport inflation remains highly vulnerable to fuel price volatility, exchange-rate movements and logistics costs. Transport inflation reached 12.7% in June 2026 and passenger transport inflation reached 12.5%.

Any further fuel price increases are likely to be transmitted quickly into taxi fares, placing additional pressure on worker households.

8.3 Food Inflation Risks

Food systems remain vulnerable to climate shocks, exchange-rate volatility, electricity costs, logistics disruptions and global commodity market developments. The relatively low inflation rates observed during 2025 and 2026 should therefore not be interpreted as evidence that food affordability risks have disappeared.

8.4 Compound Risk

These risks should not be viewed in isolation.

- Higher fuel prices increase transport costs.
- Higher transport costs increase food distribution costs.

- Higher electricity prices increase production costs throughout the economy.
- Climate-related disruptions increase agricultural costs and food prices.

Together these factors create a significant risk that worker-specific inflation during the 2027/28 determination period will exceed the inflation reflected in historical data.

9. Methodology Used in this Submission to Determine the 2027/2028 National Minimum Wage Adjustment

PMBEJD has consistently argued that applying headline inflation directly to the National Minimum Wage does not retain the value of the wage because the wage itself is substantially lower than the actual cost of worker expenses. When worker expenses exceed the value of the wage, inflation applied only to the wage produces a smaller Rand-value increase than the inflation experienced by workers on essential goods and services.

The appropriate approach is therefore to calculate the actual Rand-value increase in worker expenses and then determine the wage adjustment required to compensate workers for these increases.

For the 2027/28 determination period, PMBEJD further submits that the Commission should not only compensate workers for inflation already experienced but should also take account of reasonably foreseeable cost increases that workers are likely to face during the determination period. Foremost amongst these is possible electricity tariff increase expected during 2027/28.

Step 1: Calculate the Increase in Core Worker Expenses as reflected in the PMBEJD Household Affordability Index

PMBEJD's analysis focuses on the three most important worker expenses:

- Transport;
- Electricity; and
- Food.

Core Worker Expenses	April 2026	August 2026
Transport	R1,520.00	R1,920.00
Electricity	R1,181.85	R1,263.45
Food Basket	R5,452.09	R5,479.80
Total	R8,153.94	R8,663.25

The increase in total worker expenses between April and August 2026 was R509.31. This R509.31 represents inflation already experienced by workers during 2026.

Step 2: Convert the Increase into a Hourly Wage Adjustment

Using the Commission's standard assumption of 21 working days per month and 8 working hours per day:

$$R509.31 \div 21 \div 8$$

$$= R3.03 \text{ per hour}$$

The National Minimum Wage would therefore need to increase by approximately **R3.03 per hour** simply to compensate workers for inflation already experienced on transport, electricity and food.

Step 3: Calculate the Percentage Adjustment Required to Compensate for Past Inflation

The current National Minimum Wage is:

$$R30.23 \text{ per hour}$$

Therefore:

$$R3.03 \div R30.23 \times 100 = 10.0\%$$

PMBEJD's analysis therefore indicates that **10% is the minimum adjustment required to compensate workers for inflation already experienced between April and August 2026.**

However, this calculation is backward-looking. It protects workers against inflation already incurred but does not protect workers against inflation that is reasonably foreseeable during the 2027/28 determination period.

Step 4: Incorporate Foreseeable Electricity Tariff Increases

The Commission should recognise that electricity remains one of the largest affordability pressures facing low-income households and that electricity tariffs are expected to increase during the 2027/28 period. PMBEJD's analysis uses an anticipated tariff increase of approximately 8.8% to assess the likely impact on workers.

The August 2026 cost of purchasing 350kWh of prepaid electricity was:

$$R1,263.45$$

Applying an 8.8% tariff increase:

$$R1,263.45 \times 1.088 = R1,374.63$$

The additional monthly electricity cost would therefore be: $R1,374.63 - R1,263.45 = R111.18$

The additional wage adjustment required to compensate workers for this foreseeable increase is:

$$R111.18 \div 21 \div 8 = R0.66 \text{ per hour}$$

Expressed as a percentage of the current National Minimum Wage:

$$R0.66 \div R30.23 \times 100 = 2.18\%$$

An additional **2.2 percentage points** would therefore be required simply to compensate workers for the anticipated electricity tariff increase during the forthcoming determination period.

Step 5: Calculate the Forward-Looking Minimum Adjustment

ombining:

- compensation for inflation already experienced (**10.0%**); and
- compensation for foreseeable electricity inflation (**2.2%**),

gives: $10.0\% + 2.2\% = 12.2\%$

PMBEJD therefore submits that **12.2% represents a more realistic minimum adjustment required to maintain worker purchasing power throughout the 2027/28 determination period.**

Importantly, this figure remains conservative. It does not include:

- future transport fare increases;
- future fuel price increases;
- climate-related food inflation risks;
- exchange-rate volatility;
- increases in food production and distribution costs; or
- the large affordability deficit already experienced by worker households.

Step 6: Determining an Appropriate Adjustment Range

he Commission is mandated not only to retain the value of the National Minimum Wage but also to consider the cost of living and the progressive improvement of workers' living standards.

PMBEJD's calculations suggest three distinct levels of adjustment:

Adjustment Level	Rationale
10.0%	Compensates workers only for inflation already experienced between April and August 2026.
12.2%	Compensates workers for inflation already experienced and the foreseeable 2027/28 electricity tariff increase.
12% to 15%	Provides protection against future cost-of-living pressures and begins addressing the accumulated affordability deficit facing low-income households.

The Commission should therefore regard:

- **10% as the absolute floor below which workers would experience a further erosion in purchasing power;**
- **12.2% as the minimum forward-looking adjustment necessary to maintain purchasing power once foreseeable electricity tariff increases are taken into account; and**
- **12% to 15% as the most appropriate adjustment range for the 2027/28 determination period if the Commission is to protect workers against future inflation risks and begin addressing the widening affordability gap between wages and essential household expenditure.**

This methodology reflects both inflation already experienced and inflation reasonably expected during the forthcoming determination period and is therefore more consistent with the Commission's obligation to retain the value of the National Minimum Wage in real terms.

10. Recommendations

PMBEJD respectfully recommends that:

Recommendation 1: The Commission recognise 10% as the absolute minimum adjustment necessary to compensate workers for inflation already experienced on transport, electricity and food.

Recommendation 2: The Commission recognise that foreseeable electricity tariff increases raise the minimum adjustment required to maintain purchasing power from 10% to approximately 12.2%.

Recommendation 3: **The Commission give serious consideration to a National Minimum Wage adjustment within the range of 12% to 15% for the 2027/28 determination period.** Such an adjustment would better protect workers against foreseeable increases in the cost of living while beginning to address the growing affordability deficit faced by working households.

Recommendation 4: Future wage determinations should incorporate worker-specific inflation on transport, electricity and food in addition to headline CPI measures.

Recommendation 5: The Commission should initiate deliberations on a medium-term pathway aimed at progressively reducing the affordability gap between the National Minimum Wage and the actual cost of essential household expenditure.

11. Conclusion

Based on this submission the Pietermaritzburg Economic Justice and Dignity Group respectfully urges the Commission to adopt a worker-centred approach that reflects the real cost pressures experienced by low-income households and to implement a National Minimum Wage adjustment that protects purchasing power, advances social justice, strengthens food security and contributes to the progressive improvement of workers' living standards.



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