

South Africa's New Earnings Threshold: A Lifeline for Businesses in Turbulent Times

In a significant development for the South African business landscape, the Minister has announced a modest 2.9% increase to the Basic Conditions of Employment Act (BCEA) earnings threshold, matching the country's November 2024 inflation rate. Effective April 1, 2025, the threshold will rise from R254,371.67 to R261,748.45 annually, translating to a monthly increase from R21,197.63 to R21,812.37.

A Win for Business Advocacy

This measured adjustment represents a notable victory for business representatives who have been steadfastly resisting above-inflation increases and legislative amendments that further burden businesses already struggling in a challenging economic environment. The inflationary-aligned increase comes as a substantial relief for employers nationwide, potentially helping to contain wage inflation – a crucial factor for businesses navigating South Africa's multifaceted economic pressures.

Understanding the Threshold's Significance

The earnings threshold marks a critical line in South African labour law. "Earnings" in this context refers to gross pay before deductions such as income tax, pension, and medical insurance, but excludes employer contributions made on behalf of employees. Employees earning below this threshold receive full protection under every section of the BCEA and certain provisions of the Labour Relations Act (LRA), including sections 198A and B, which address fixed-term contractors and Temporary Employment Services (TES) assignees.

These protections include rights to premium pay for:

- Overtime work
- Sunday work
- Public holiday work

Additionally, these employees are protected by BCEA provisions concerning:

- Ordinary working hours (Section 9)
- Overtime (Section 10)
- Compressed work weeks (Section 11)
- Averaging of work hours (Section 12)
- Meal intervals (Section 14)
- Daily and weekly rest periods (Section 15)
- Sunday work compensation (Section 16)
- Night work allowances (Section 17(2))
- Public holiday pay (Section 18(3))

For employees earning above the threshold, these statutory minimums no longer automatically apply. Instead, these conditions become negotiable between employer and employee.

Context: Business Under Pressure

This conservative adjustment acknowledges the intense pressures facing South African businesses. Companies are contending with a perfect storm of disruptors:

- Geopolitical unrest affecting trade and supply chains
- Competition from cheaper imports
- Increasing natural disasters
- The transformative impact of artificial intelligence
- Rigid labour laws with costly compliance requirements

These factors have forced many businesses into difficult decisions – from retrenchments and operational restructuring to business rescue proceedings or, in worst cases, liquidation.

The modest threshold increase demonstrates a pragmatic approach by regulators, potentially preserving jobs by not adding further financial strain on employers during these challenging economic times.

As South African businesses continue navigating these turbulent waters, this measured adjustment to the earnings threshold may provide the breathing room many employers need to maintain operations and preserve employment.

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