



Federation of Printing, Packaging,
Signage & Visual Communication

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Att: The directorate
Employment Standards, Department of Employment and Labour
Private Bag X117
Pretoria, 0001

Email: nmwreview@labour.gov.za

Comments on Annual Review of National Minimum Wage (NMW) in 2022

Printing SA, a non-profit membership-based organisation, representing the interests of the printing, packaging, signage, branding, creative design, marketing and visual communications industries. The industry employs more than 40,000 employees directly and a further 60,000 indirectly.

The official unemployment rate rose to 32,6%, according to the Quarterly Labour Force Survey (QLFS) of the 1st quarter of 2021, young people are still struggling in the South African labour market. This rate was 46,3% among young people aged, implying that almost one in every two young people in the labour force did not have a job in the first quarter of 2021.

Whilst we understand the main purpose of this policy, amongst others to improve the wages of lowest paid workers and protecting workers from unreasonably low wages. It is also imperative to consider other factors such as inflation, domestic product; the ability of employers to carry on their businesses successfully, the operation of small, medium or micro-enterprises and new enterprises.

It is therefore important for the government to conduct a thorough empirical study to determine the effects of minimum wage around this period where most companies are negatively impacted by a number of issues like Covid-19, inflation, uprising, etc. Government should give special attention to a bleak situation for the average young person in order to improve the country's employment rate for the purpose of correcting the inequality rate.

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Different economic theories must be scrutinised to avert below scenarios

According to Neoclassical economic theory which predicts two reasons that higher minimum wages will lead to lower employment.

- a) First reason — minimum wages may force businesses to raise the prices of their goods and services, subsequently the consumers may cut back on their demand due to increased prices.
- b) Second reason — businesses may decide to replace some workers with more machines and have few skilled workers to operate them.

We call upon government to heed our call to grow the economy during this dark period. To vigorously turn young people into entrepreneurs for the betterment of our economy and country. Many young people in the townships have got an array of entrepreneurial ideas, but they face difficulties in the start-up cost and enterprise development which is compounded by legislative framework that is not supportive of small enterprises, henceforth the government has to look at improvement in the area of promoting and facilitating activities that make doing business easy. If Printing SA can have the support from government to promote entrepreneurship among youth and women in doing so to improve the livelihoods within our communities.

Help small and medium-sized enterprises grow

When businesses grow especially the small and medium-sized enterprises (SMEs) new jobs are generated. As companies expand their operations become better as they get involved in international value chains, which in turn drives economic growth at the local level. Printing SA has been in existence for more than 110 years and has been gearing training programmes for labour market demand. Through on-the-job training, employers and potential employees get to know each other which helps to secure employment after graduation.

It is always good to look at international standards and their policies, more importantly to look how they managed to implement their adopted programmes. This should be done without negatively disrupting productivity and growth other than to simulate the end results. These international companies have best policies that supports businesses for their survival and sustainability other than imposing restrictive measures, we envisage to work together for the betterment of the livelihoods in the country.

Regards

Dr AM Mahomed

Chief Executive Officer