

**a. Promoting the aims of the Act**

**i. Three-year targets**

The Commission has not yet set three-year targets for the national minimum wage, so this objective was not considered for the 2021 annual adjustment.

**ii. The alleviation of poverty**

Statistics South Africa has identified three poverty lines, each valued as of April 2020:

- The food poverty line at R585 per person per month, or R2050 for the average-sized household (which has between three and four members). The food poverty line covers only the resources needed for the minimum required daily energy intake.
- The lower-bound poverty line at R840 per person per month, or almost R3000 for the average-sized household. This poverty line encompasses a minimum of non-food essentials in addition to the food poverty line.
- The upper-bound poverty line of R1268 per person per month, or R4438 for the average-sized household. This poverty line includes the cost of non-food items typically consumed by households that are able to afford the basket of foods utilized in setting the food poverty line.

By this measure, the national minimum wage is below the upper-bound poverty line as estimated by Statistics South Africa for the average-sized household, and only 20% above the lower-bound poverty line. For households with four or more members, the national minimum wage would be below the lower-bound poverty line. In 2018, two fifths of the poorest households had four members or more.

These findings suggest that the minimum wage remains below the poverty line for many households, which justifies an increase in real terms.

**iii. The reduction of wage differentials and income inequality**

Wage differentials in South Africa remain amongst the highest in the world, according amongst others to data published by the International Labour Organisation. A core aim of the Act was to reduce these inequalities by increasing wages for the worst-paid workers.