

A DECADE OF MINIMUM WAGES FOR DOMESTIC WORKERS IN SOUTH AFRICA¹

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ABSTRACT

Minimum wages for domestic workers in South Africa became a reality in 2002. This paper determines whether previously identified trends are continuing, highlights other structural changes in this labour market that warrant attention from policy makers and investigates the possible employment effects of the latest minimum wage provisions that were announced by the Department of Labour. This will be done through an analysis of existing literature and a repeat of two previous micro-studies in the suburb of Langenhoven Park in the city of Bloemfontein during the last ten years.

Key words: minimum wages, domestic workers, employment effects

JEL Classification: J 49

1 INTRODUCTION AND AIM OF THE PAPER

In March 2006, statistics showed that domestic workers, the vast majority (95%) of whom were women, accounted for 850 000 jobs (6,8%) of the total workforce in the South African economy (Statistics South Africa, 2006a:x). They remain a crucial part of the South African Economy (Wilson, 2006:1). The number of domestic workers in the South Africa has decreased by 9% since September 2000 (Wilson, 2006:1) and by 3.9% from the level of March 2003, when there were 884 000 domestic workers employed in South Africa (Statistics South Africa, 2006a:x). These declining numbers seem to correspond with efforts by government to increase regulation in this sector through the introduction of minimum wages for domestic workers and compulsory Unemployment Insurance Fund (UIF) deductions.

In May 1999, the Minister of Labour announced his intention to legislate minimum wages for domestic workers in South Africa. An investigation by the Department of Labour followed that revealed significant wage differentials between urban and rural domestic workers. As a result, three minimum hourly wages each were recommended in accordance with the size of the specific municipal council areas (Bothma & Campher, 2003:191). In August 2002, the Minister announced *Sectoral determination 7: domestic worker sector* following on the recommendations of the above report (Department of Labour, 2002). However, the determination deviated in several aspects from the recommendations of the original investigation report. It stipulated that differentiated hourly minimum wages were to be paid, depending not only on the municipal council area in which the domestic worker is employed, but also on the number of hours worked per week. In addition, the Minister prescribed annual wage increases of 8% instead of the 6% that had been recommended in the report (Bothma & Campher, 2003:191).

The above minima were set above the median hourly wages that were prevalent in this labour market at that time. This implied that the intervention by government was a significant one (Hertz, 2004:1). The question that emerged was what these wage levels and proposed increases would do to the employment levels and non-wage terms of employment of domestic workers.

Subsequent literature suggests that the real wages of domestic workers increased as a result of the implementation of the above regulations. Evidence exists that the non-wage terms of employment also improved (Bothma & Campher, 2003; Hertz, 2004). According to Hertz (2004:1), on a macro level the decrease in employment of domestic workers could not significantly be linked to the regulations. In a micro study conducted in Bloemfontein before the implementation of the minimum wages, Bothma and Jordaan (1998) suggested that a minimum wage of more than R600 per month would lead to a decrease in the demand for full-time domestic workers and that further increases in minimum wages could aggravate the situation.

They cautioned that the effect of the legislation would possibly only become clear in the long run (Bothma & Jordaan, 1998:496).

The above studies were done either prior to or just after the implementation of the minimum wage legislation for domestic workers. The conclusions and predictions of these studies need to be evaluated now, five years after implementation. The purpose of this article is to report on a study that investigated the impact of minimum wages for domestic workers on this labour market. A survey was conducted in the same area of Bloemfontein where the previous studies of Bothma and Jordaan (1998) and Bothma and Campher (2003) had been conducted. This paper determines whether previously identified trends are continuing, highlights other structural changes in this labour market that warrant attention from policy makers, and investigates the possible employment effects of the latest minimum wage provisions that were announced by the Department of Labour (Department of Labour, 2006a:1 – 2).

2 LITERATURE REVIEW

An investigation by the Department of Labour followed the announcement in 1999 of proposed minimum wage legislation for domestic workers in South Africa. Consequently, in July 2001, a report entitled *Investigation into minimum wages and conditions of employment of domestic workers* was released (Bothma and Campher, 2003:191). In August 2002, the Minister announced *Sectoral determination 7: domestic worker sector*. Only two areas, A and B, (instead of three as suggested in the original report) were identified. Area A included all cities and certain towns where minimum wages of up to R800 per month were to be paid. Area B was loosely described as “the rest of South Africa” (Bothma and Campher, 2003:191). Lower minimum hourly wages were prescribed here. Domestic workers, who work for 27 or fewer ordinary hours per week, had to be paid more than those working more than 27 ordinary hours per week (Bothma and Campher, 2003:191). Several

studies, before and after implementation, were conducted to analyse the impact of these regulations.

On a macro level, Hertz (2004:1) found that regulations did indeed appear to have raised the wages of domestic workers in South Africa. Average nominal hourly wages in September 2003 were 23 per cent higher than those of September 2002. The nominal wage increase for workers in other occupations with similar demographics was less than five per cent. This finding was supported by econometric evidence that the wage increases for domestic workers were the result of the regulations, since the largest wage increases were seen in places where the greatest number of workers initially earned less than the minimum wage (Hertz, 2004:1).

The regulations also seemed to affect some of the non-wage conditions of employment. According to Hertz (2004:1), the portion of domestic workers who reported having a written contract of employment rose from a mere seven per cent in February 2002 to 25 per cent in September of 2003. The number of domestic workers who reported UIF deductions rose from three to 25 per cent over the same period (Hertz, 2004:1).

Domestic worker employment levels also appeared to have fallen, by about three per cent. This decrease was however not statistically significant. Hertz did not find econometric support for the proposition that it was causally connected to the wage changes (Hertz, 2004:1). Hertz (2004:1) further reported a statistically significant reduction in the hours of work among the employed, which fell by about four per cent for domestic workers. For workers in other occupations the figure was essentially constant.

Bothma and Jordaan (1998) as well as Bothma and Campher (2003) conducted successive studies in the same suburb (Langenhoven Park) in Bloemfontein on a micro level. In their 1997 study, Bothma and Jordaan (1998:493) postulated that an increase in the number of part-time domestic workers would be a distinct possibility should a minimum wage for domestic workers of R600 per month be put in place. As many as 23,2 per cent of the

respondents in their study indicated that they would dismiss their full-time domestic worker should this happen. Bothma and Jordaan (1998:495 – 496) recommended that minimum wages for domestic workers should be regressive, with higher wages for part-time workers than for full-timers.

Bothma and Campher (2003:190) indicated that the demand for domestic workers was decreasing and that minimum wages could aggravate the situation. Their micro study of Langenhoven Park revealed the important fact that the wages of domestic workers varied not only between areas, but also within areas. Domestic workers who work in houses earn more than those who work in town houses. This may be attributed partly to the scope of the tasks performed and partly to the income differentials of employers. The fact that the workload in houses seems to be higher than that in town houses and that houses have more occupants than town houses has a reciprocal influence on each other. As a result, domestic workers work longer average hours in the former (Bothma and Campher, 2003:204).

Bothma and Campher (2003:204) state that, within this sector, in the case of any job losses, rural and full-time domestic workers will be those most affected. Their finding seems to give merit to Cosatu's 2001 proposal that minimum wages should be set not according to geographical differentials, but according to work performed.

Overall, the literature shows that the nominal and real wages of domestic workers increased after the implementation of minimum wage legislation in 2002. The micro and macro studies show that there was also an improvement in some of the non-wage conditions of employment in this labour market. The various studies all conclude that there was a decrease in the employment levels of domestic workers. There is, however, not a unanimous explanation as to the reasons for this. Hertz (2004) did not find evidence on a macro level that the minimum wage legislation is the main contributing factor. Bothma and Jordaan (1998) and Bothma and Campher (2003) indicated that minimum wages could aggravate the situation. These two studies provided

important groundwork for a third quantitative micro study in the same suburb, the methodology of which is described in the next section.

3 RESEARCH METHODOLOGY

Bothma and Campher (2003:194) state that conducting structured interviews with employers in various residential areas can provide a reliable and simple way of establishing potential job losses among domestic workers as a result of an increase in the level of minimum wages. This principle formed the basis of their 2001 survey of Langenhoven Park in Bloemfontein. Bothma and Jordaan (1998) used the same methodology in their 1997 study.

Langenhoven Park was and still is traditionally a white suburb. It is fairly young and fast-growing. It can be regarded as a middle-income area with a good mix of free-standing houses and town houses (Bothma and Campher, 2003:195). Not all households employ domestic workers, but given the increase in the number of households since 1996, it was determined that at least 130 respondents were necessary in order to make reliable inferences.

The questionnaire designed by Bothma and Campher (2003) for their 2001 survey was used as the basis for the 2006 survey of the same area. The questionnaire consisted of two sections. The first part of the questionnaire focused on a demographic profile of the domestic workers in the area. Questions referring to age, education and the number of dependants were included in this section. The tasks that domestic workers performed had to be identified and they had to state the number of people that they work for. This was important as many of them worked for more than one employer (Bothma and Campher, 2003:196).

In the second section of the questionnaire employers were interviewed with regard to the size of their households, how many days per week they employed their domestic workers, for how many hours per day the workers were employed and whether a service contract had been drawn up. To

establish the level of remuneration, employers had to state whether their workers were paid on a weekly or monthly basis, how much they paid their domestic workers in cash and if they provided money for transport.

Langenhoven Park was divided into geographical blocks that would ensure a more or less equal distribution of areas with houses and town houses present in them. Within these blocks, houses and town houses were randomly selected for possible interviews. In cases where the occupants of a selected house or town house did not employ a domestic worker the dwelling next to that specific one was approached. The data was collected between September and November 2006, before the advent of the latest round of wage increases (Department of Labour, 2006a:1 – 2). In total, 132 valid questionnaires were completed. This accounted for 67 houses and 65 town houses. The descriptive results, comparisons with previous trends and the subsequent regression analysis are presented in the following section.

4 RESULTS AND ANALYSIS

4.1 Demographic features of domestic workers and their employers

4.1.1 Domestic workers

The average age of the 132 domestic workers involved in this study was 43,3. This represents a marked increase from the average age of 39,2 (Bothma and Jordaan, 1998:487) in 1997 and is marginally higher than the 42,6 recorded in the 2001 survey of Bothma and Campher (2003:197). These figures suggest that domestic work as an employment opportunity is continuously becoming a profession of older women in South Africa.

The number of dependants remained fairly constant over the past 10 years. In 1997 and 2001 respectively, each domestic worker had an average of 2,9 and 2,5 dependants to support (Bothma and Jordaan, 1998:487; Bothma and Campher, 2003:197). In this study each domestic worker had an average of 2,39 children who depended on their income. The conclusion reached in

previous studies, that any retrenchments in this occupation will influence a significant number of people, therefore remained unchanged over the last decade.

The skills levels of domestic workers showed marginal improvements in the last 10 years. In 1997 and 2001 around a quarter of the domestic workers in Langenhoven Park indicated that they had not received any formal schooling (Bothma and Jordaan, 1998:487; Bothma and Campher, 2003:197-198). The corresponding figure in the 2006 survey was 19.7 per cent. In the 2006 survey seventy-one (53,8%) of the respondents indicated that they had attended high school, as opposed to the 2001 survey when only 32,7 per cent of the respondents indicated that they had received secondary schooling (Bothma and Campher, 2003:198). This can perhaps be ascribed in part to the effect of the Government's adult basic education initiatives. The next section reports on some features of the employers of domestic workers in Langenhoven Park in 2006.

4.1.2 Employers

In the 2006 study, of the 132 employers interviewed, 67 (50,76%) lived in free-standing houses and the rest (49,24%) lived in town houses. This is roughly the same as the results of the 2001 survey by Bothma and Campher (2003:198), when the figures were 52,7per cent for houses and 47,3per cent for town houses respectively. Table 1 presents the average occupancy in dwellings serviced by domestic workers in Langenhoven Park, Bloemfontein from 1997 to 2006.

Table 1: Average occupancy in dwellings serviced by domestic workers in Langenhoven Park, Bloemfontein, South Africa, 1997 – 2006

	Houses	Town houses
1997	3,5	2,1
2001	3,6	2,2
2006	3,4	2,1

Sources: Bothma and Jordaan, 1998:487; Bothma and Campher, 2003:198; Survey data

The number of occupants in these two types of dwellings has remained virtually constant since 1997. Any changes in wages therefore cannot reasonably be ascribed to a possible increase in the number of people that are served by domestic workers. These and other aspects regarding the terms of employment are explained in the following section.

4.2 Terms of employment

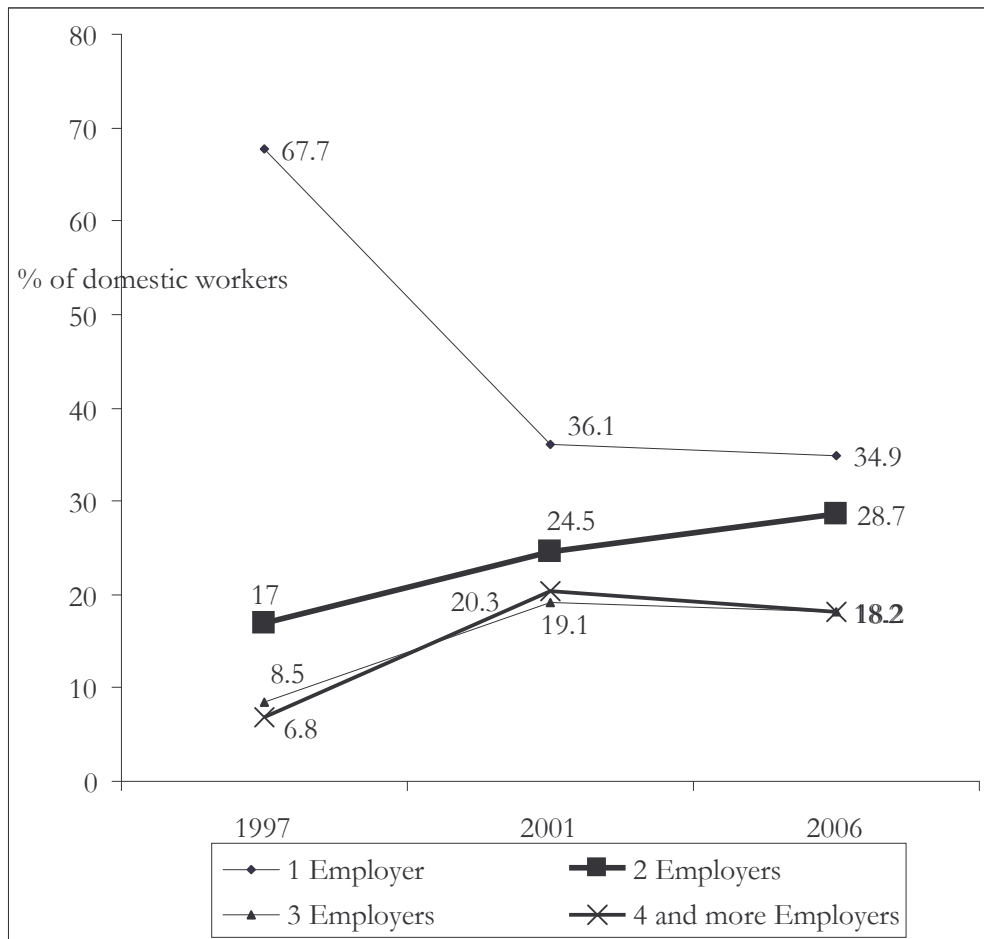
4.2.1 Hiring patterns

The vast majority of employers (54, representing 41%) indicated that they hire a domestic worker only once a week, 26 (19,7%) for two days, 13 (9,8%) for three days and 35 (26,5%) for four or more days. The number of employers who hire a domestic worker once a week only has shown a substantial increase since 1997. The corresponding figure then was 29,4per cent and in 2001 it was 33,6per cent (Bothma and Jordaan, 1998:488; Bothma and Campher, 2003:198). This suggests that the increased regulation in this sector could be an important factor contributing to this trend, as was stated by Bothma and Jordaan (1998).

Employers who live in town houses are more likely to hire part-time domestic workers. In most cases their counterparts in houses hire their domestic workers on a full-time basis. The fact that in 2006 33 of the employers living in houses (49,3%) hired their domestic workers for four days or more per week is evidence of this. The corresponding figure for employers living in town houses is only three per cent.

Part-time domestic workers may be employed by more than one employer in a week. Figure 1 illustrates the changes in the number of employers for whom domestic workers in Langenhoven Park have worked since 1997.

Figure 1: Trends in the number of employers domestic workers work for in Langenhoven Park, 1997 – 2006



Sources: Bothma and Jordaan, 1998:488; Bothma and Campher, 2003:198; Survey data

Of the 132 domestic workers, 46 (34,9%) worked for only one employer, 38 (28,7%) for two, 24 (18,2%) for three and the same number worked for four or more employers. These figures differ only marginally from the ones in the 2001 survey by Bothma and Campher (2003). At that time, 36,1 per cent worked for one employer, 24,5 per cent for two, 19,1per cent for three and 20,3 per cent for four or more (Bothma and Campher, 2003:198). The fact that the number who worked for three or four and more employers showed a slight decrease after initially increasing may indicate that working for more than two employers might not be sustainable for domestic workers over the longer term.

However, between 1997 and 2001 there were indeed wholesale changes in terms of this aspect. In 1997, as many as 67,7 per cent of the domestic workers who were interviewed at that time were employed by only one household (Bothma and Jordaan, 1998:488). This represents a decrease of no less than 47 per cent in five years. In terms of the other categories, the figures for 1997 were as follows: 17 per cent worked for two households, 8,5 per cent for three and only 6,8 per cent for four or more (Bothma and Jordaan, 1998:488). This complete turnaround is indeed a marked one and came about before the actual regulation was promulgated. It indicates that the employers discounted the possibility of minimum wages and adjusted their hiring patterns beforehand. By the time the regulation of the market for domestic workers and their minimum wages came into effect the situation had already begun to stabilise. This contradicts the earlier view of Bothma and Jordaan (1998) that minimum wages in this sector will have a more profound long-run effect.

The data also shows that there are more employers than employees in the market for domestic workers. Unfortunately this does not mean that the demand for domestic workers is more than the supply. It illustrates that a number of domestic workers are trying to increase their income by taking up more than one part-time position in the wake of a limited and shrinking number of full-time positions available to them. This however did not have a significant impact on the non-wage terms of employment such as the working hours and tasks expected of domestic workers.

4.2.2 Working hours

The average hours worked by domestic workers in Langenhoven Park have remained roughly the same over the last 10 years. In 2001 the average hours worked per day was 6,9 (Bothma and Campher, 2003:198). On average domestic workers worked 6,65 hours per day in 2006. The data further reveals that in 2006, domestic workers in town houses worked an average of 6,12 hours per day and those in houses 7,16 hours per day. The same

consistency was evident in the combination of tasks performed by domestic workers in Langenhoven Park over the last 10 years.

4.2.3 Tasks performed by domestic workers

The various tasks of domestic workers are summarised in Table 2.

	Cleaning	Ironing	Washing	Cooking	Child care
2001					
Percentage	99%	94%	65%	21%	8%
2006					
Percentage	100%	84%	62%	15%	14%

Sources: Bothma and Campher, 2003:198; Survey data

For all intents and purposes all domestic workers are involved in cleaning. Ironing follows as the second most common activity, with washing less common. Cooking and child care are less prevalent tasks. It is interesting to note that the percentage of domestic workers that perform child care duties has almost doubled in the last five years. This is probably an indication that more mothers have entered into employment in the last five years.

Although many of the above aspects of the non-wage terms of employment of domestic workers remained virtually the same, one of features that have undergone a radical change over the last decade is the existence of a written service contract between employer and domestic worker.

4.2.4 Service contract

Figure 2 tracks the changes in the percentage of domestic workers with a written service contract in Langenhoven Park from 1997 to 2006.

Figure 2: Domestic workers with written service contract in Langenhoven Park, 1997 – 2006



Sources: Bothma and Jordaan, 1998:488; Bothma and Campher, 2003:199; Survey data

Bothma and Jordaan (1998:488) found that in 1997 only 17,5 per cent of employers maintained that they had entered into a written service contract with their domestic worker. By 2001, this figure had almost doubled to 30,3 per cent (Bothma and Campher, 2003:199). The situation has since improved even more. In 2006 only 32 (24,2%) of the employers who hired a domestic worker for more than 24 hours per month had not entered into a formal service contract with their workers. These figures for Langenhoven Park over the last 10 years were consistently higher than those of the whole of South Africa (Hertz, 2004:1). The trend corresponds with the finding of Hertz (2004:4) that employers' compliance in terms of the regulations have been accelerating since the date of implementation. Almost the same percentage (22%) of employers who had a domestic worker in their service for more than 24 hours per month did not register them with the Unemployment Insurance Fund (UIF) as is required by the Department of Labour (Department of Labour, 2006b:1).

The wages earned by domestic workers have changed considerably in the last 10 years, as noted in the following section.

4.2.5 Wages

Table 3 provides the average daily wage of domestic workers per category of number of days employed.

Table 3: The average daily wage of domestic workers per category of number of days employed in Langenhoven Park, Bloemfontein, South Africa, 2006				
	One day	Two days	Three days	Full-time
Houses	R 71.90	R 68.26	R 62.82	R 48.08
Town houses	R 63.64	R 61.01	R 57.00	R 46.39
All dwellings	R 65.47	R 63.52	R 62.37	R 47.99

Source: Survey data

Domestic workers in houses earned more than their counterparts in town houses. The income differentials of the employers as well as the scope of the tasks to be performed may explain this trend. The workload in a house seems to be higher than in a smaller town house, as houses have more occupants on average and domestic workers generally work longer hours there. This feature of Langenhoven Park remained largely unchanged and the support given by Bothma and Campher (2003:204) to Cosatu's 2001 proposal that minimum wages in this sector must be set not according to geographical differences but according to the work done, may still be in order.

The wages of domestic workers also varied according to the number of days worked for an employer per week. The highest daily wage was earned by domestic workers who were employed for only one day per week by a specific employer. The average wage decreased as the number of days increased. This trend was also evident in 2001 (Bothma and Campher, 2003:199).

Table 4 provides the details of changes in the nominal wages of domestic workers since 2001 in Langenhoven Park, Bloemfontein.

Table 4: Changes in the average daily wage of domestic workers per category of number of days employed in Langenhoven Park, Bloemfontein, South Africa, 2001 – 2006
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	2001	2006	Change	Average Change p.a.
1 day	R 45.68	R 65.47	43.3%	8.7%
2 days	R 40.79	R 63.52	55.7%	11.1%
3 days	R 37.01	R 62.37	68.5%	13.7%
Full-time	R 30.16	R 47.99	59.1%	11.8%
All categories	R 39.02	R 61.31	57.1%	11.4%

Sources: Bothma and Campher, 2003:199; Survey data

Table 4 shows that the annual increases in the daily cash wages of domestic workers were far higher than the average rate of inflation for the same period. The average annual increase in the consumer price index (CPI) for South Africa from 2001 to 2006 was 4,9 per cent (Statistics South Africa, 2006b:1). This implies that the wages of domestic workers did not merely increase in nominal terms but in real terms as well. This corresponds with the findings of Hertz (2004:2) for the whole of South Africa and is a continuation of a trend that has become apparent since 1997.

Between 1997 and 2001 the average daily cash wages in all categories increased by 37,3 per cent. This represents an average increase of 8,3 per cent per annum in comparison with an average increase in the CPI of 5,6 per cent per annum for the same period (Bothma and Campher, 2003:201).

The average hourly cash wage of all domestic servants was R9.73. The corresponding amount in 2001 was R6.19. This is a marked increase of 57,19 per cent over the period in question. Like the average daily wages, average hourly wages also display a negative correlation with the number of days worked for a specific employer.

Only eight (6%) of the employers involved in this survey were paying their domestic workers less than the minimum wage of 2006 as prescribed by the Department of Labour. In 2001, 7,9 per cent of the employers were paying an hourly wage less than the minimum wage at the time of R3.07 per hour. All those employees hired their domestic workers on a full-time basis at the time (Bothma and Campher, 2003:200).

In order to supplement the comparisons described above, the data obtained in the 2006 survey of domestic workers in Langenhoven Park were used in cross-section analysis to investigate the determining factors of the hourly and daily wages of domestic workers. The results of this analysis are presented below.

4.3 Regression analysis

A number of variables were considered for the Langenhoven Park analysis. These are summarised in Table 5.

Table 5: Variables used in the Langenhoven Park regression analysis

WAGEPHOUR	The cash wage per hour of domestic workers
WAGEPDAY	The daily cash wage of domestic workers
DAYSPWEEK	The number of days per week a domestic worker is employed by the employers who were interviewed
DUMTH	Dummy variable with a value of 1 for a town house and 0 for free standing houses
SCHOOL	The level of completed schooling of domestic workers
HOURS	The number of hours worked per day by day labourers
OCCUPANTS	The number of occupants in the dwelling where the domestic worker is employed
AGE	Age of the domestic worker

Cross-sectional regressions were run for both wages per hour and wages per day as dependent variables. The results were analysed and the variables used in the regression analysis reduced accordingly. The variables for age and the number of occupants were excluded as they consistently yielded results that were not statistically significant. The regression was tested for heteroskedasticity with the White test. The regression with the daily wage as dependent variable did not display any heteroskedasticity. In the case of the hourly wage as dependent variable, heteroskedasticity was present and was subsequently eliminated by estimating White heteroskedasticity-consistent

standard errors and covariance. The final estimates are summarised in Table 6.

Table 6: Cross-Sectional Regression Results
Hourly and daily wage of domestic workers

	WAGE PER HOUR	WAGE PER DAY
C	20.21230 (13.92725)**	64.36101 (7.793404)**
DAYSPWEEK	-0.631983 (-3.567230)**	-5.405042 (-4.661261)**
DUMTH	-0.660167 (-1.122474)	-7.485386 (-2.050459)*
SCHOOL	0.112801 (1.634437)	0.421263 (0.958078)
HOURS	-1.387194 (-6.202610)**	1.742221 (1.526113)
Observations	132	132
Adjusted R-squared	0.449886	0.123584

Note: t-statistics in parentheses.
 * significant at 5%; ** significant at 1%

The level of schooling seems to have some positive influence on the level of wages but is not statistically significant at 10 per cent or lower. The coefficients for the variable of working hours are positive and negative for daily and hourly wages respectively as expected, but are only marginally significant.

There is, however, a statistically significant negative relationship between both the hourly and the daily cash wage and the number of days worked at any one employer. This confirms the results of the above comparisons indicating that domestic workers are working for more employers at any particular time and earning higher wages in the process. The econometric evidence supports the view that employers discounted the possibility of minimum wages before the implementation thereof, adjusted their hiring patterns accordingly and that the situation has stabilised over the last five years. This warrants the question what the possible employment effects of

the latest increases in the minimum wage of domestic workers in this area might be. This aspect is addressed in the next section.

4.4 Possible employment effects of 2007 minimum wage levels

Table 7 provides a summary of the latest round of increases in the minimum wage for domestic workers in South Africa.

Table 7: Minimum wages for domestic workers who work more than 27 ordinary hours per week					
Area A					
Minimum rates for the period 1 December 2005 to 30 November 2006		Minimum rates for the period 1 December 2006 to 30 November 2007		Minimum rates for the period 1 December 2007 to 30 November 2008	
Hourly rate (R)	5.11	Hourly rate (R)	5.47	Hourly rate (R)	Previous wage + CPIX + 2%
Weekly rate (R)	230.10	Weekly rate (R)	246.21	Weekly rate (R)	
Monthly rate (R)	997.04	Monthly rate (R)	1066.83	Monthly rate (R)	
Area B					
Minimum rates for the period 1 December 2005 to 30 November 2006		Minimum rates for the period 1 December 2006 to 30 November 2007		Minimum rates for the period 1 December 2007 to 30 November 2008	
Hourly rate (R)	4.15	Hourly rate (R)	4.44	Hourly rate (R)	Previous wage + CPIX + 2%
Weekly rate (R)	186.69	Weekly rate (R)	199.76	Weekly rate (R)	
Monthly rate (R)	808.92	Monthly rate (R)	865.54	Monthly rate (R)	
The official CPIX for October 2006 was 5%, therefore the increase to the minimum wage has been calculated as 5%+2%=7%. The domestic worker minimum wage increase for the period 1 December 2006 to 30 November 2007 is therefore 7% as reflected in the table above.					

Minimum wages for domestic workers who work 27 ordinary hours per week or less*					
Area A					
Minimum rates for the period 1 December 2005 to 30 November 2006		Minimum rates for the period 1 December 2006 to 30 November 2007		Minimum rates for the period 1 December 2007 to 30 November 2008	
Hourly rate (R)	6.04	Hourly rate (R)	6.46	Hourly rate (R)	Previous wage + CPIX + 2%
Weekly rate (R)	163.08	Weekly rate (R)	174.50	Weekly rate (R)	
Monthly rate (R)	706.63	Monthly rate (R)	756.09	Monthly rate (R)	
Area B					
Minimum rates for the period 1 December 2005 to 30 November 2006		Minimum rates for the period 1 December 2006 to 30 November 2007		Minimum rates for the period 1 December 2007 to 30 November 2008	

Hourly rate (R)	4.90	Hourly rate (R)	5.24	Hourly rate (R)	Previous wage + CPIX + 2%
Weekly rate (R)	132.3	Weekly rate (R)	141.56	Weekly rate (R)	
Monthly rate (R)	573.26	Monthly rate (R)	613.39	Monthly rate (R)	
The official CPIX for October 2006 is 5%, therefore the increase to the minimum wage has been calculated as 5%+2%=7%. The domestic worker minimum wage increase for the period 1 December 2006 to 30 November 2007 is therefore 7% as reflected in the table above.					

Source: Department of Labour, 2006a:1 – 2.

The new level of minimum wages for domestic workers applicable for Langenhoven Park was set at R5.47 per hour for workers working more than 27 ordinary hours per week and R6.46 for those working 27 hours or less (Department of Labour, 2006a:1).

In order to have an idea of possible job losses as a result of the above it is necessary to compare current wage levels with the prescribed minima for 2007. The data shows that only 13 (9,84%) of the 132 employers are currently paying wages that are lower than the prescribed R5.47 for workers working more than 27 ordinary hours per week in 2007. When the higher level of R6.46 for those working 27 ordinary hours or less is considered, the figure doubles to 26 (17,4%).

These employers have three options open to them. They can pay the new minimum wage, discharge their workers or reduce the working hours of their domestic workers by hiring a domestic worker on a part-time basis, thereby reducing the monthly expenditure on this service. The last option seems to be the more likely one. The continued increase in the number of domestic workers who work for more than one employer seems to support this view. This has the potential to simultaneously increase the demand for part-time domestic workers and to reduce the demand for full-time domestic workers. This structural change indicates that regulating this labour market remains a complex and delicate task in spite of the evidence suggesting that employers have discounted the initial effect of the advent of minimum wages for domestic workers.

The above comparisons show that a number of the trends identified by previous studies are still evident. There were minor changes in the level of education attained by domestic workers in Langenhoven Park and the workers are on average gradually older. The consistent number of dependants of domestic workers over the last 10 years implies that any retrenchments in this labour market will still affect a significant number of people. The same consistency is evident in the number of occupants living in the households where domestic workers are employed. Certain non-wage terms of employment of domestic workers in Langenhoven Park have also remained virtually the same over the last decade. These include the working hours and the tasks performed by domestic workers. However, the existence of written service contracts with domestic workers showed a significant increase over the same period. The biggest changes in this labour market came in terms of the wages earned by domestic workers and the shift from full-time to part-time domestic workers in Langenhoven Park.

The biggest decrease in the number of full-time domestic workers was from 1997 to 2001. The 2006 survey showed that this trend has started to stabilise since then. This indicates that employers discounted the advent of minimum wages for domestic workers beforehand and adjusted their hiring patterns in advance. Nominal and real wages have increased significantly during the last 10 years and have shown a negative correlation with number of days worked for a particular employer.

5. CONCLUSION

The reviewed literature showed that the real wages of domestic workers have increased as a result of the implementation of minimum wage legislation in this sector. Evidence exists that the non-wage terms of employment have also improved with the vast majority of domestic workers who now enjoy the benefit of a written service contract with their employers.

Many of the trends observed in previous studies have not shown any real changes in the last decade. The skills levels, hours worked, tasks performed and the number of dependants of domestic workers remained fairly stable. The average age of domestic workers in Langenhoven Park is slowly increasing, with an increase in average age of four years in the last 10 years.

There have been some important structural changes over the last decade as well. Of great importance is the fact that domestic work is increasingly becoming a part-time profession. The percentage of workers who worked for only one employer decreased sharply by 46,7% between 1997 and 2001, before it started to stabilise. The greatest change was in the five years before the advent of the minimum wage legislation. The employers discounted the possibility of minimum wages and adjusted their hiring patterns beforehand. By the time the regulation of the market for domestic workers and their minimum wages came into effect, the situation had already begun to stabilise. This contradicts the earlier view of Bothma and Jordaan (1998: 496) that minimum wages in this sector will have a greater long-run effect. The cross-sectional regression analysis confirms the important role played by the number of days worked per week for any one employer in explaining the level of hourly and daily wages of domestic workers in Langenhoven Park in 2006.

It is encouraging to see that employers are continuing to comply with the provisions of the Department of Labour with regard to written service contracts with their domestic workers and the UIF registration of such workers. From 1997 to 2006 the percentage of employers who indicated that they had service contracts with their domestic workers increased by 333%. The number of employers who registered their domestic workers for UIF deductions also increased noticeably over the same period.

These structural changes render the labour market for domestic workers complex and dynamic, a situation that could complicate the setting of appropriate levels of minimum wages for workers in this industry. The route taken by the minister of labour over the last 10 years to lay down lower minima for full-time domestic workers than for part-timers has definite merit.

All three surveys conducted in Langenhoven Park during the last decade show that part-time domestic workers did indeed earn higher wages than their full-time counterparts. This is in line with the recommendation of Bothma and Jordaan (1998: 495 – 496) that minimum wages for domestic workers should be regressive, with higher wages for part-time workers than for full-timers.

The wage increase of CPIX plus 2% prescribed by the minister seems quite reasonable. The CPI for 2006 was on average only 4,7 per cent (Statistics South Africa, 2006b: 1). The lowest average annual increase (8,7%) granted by employers in Langenhoven Park between 2001 and 2006 was for workers who work only one day per week. All other categories yielded higher increases. The effect of the latest increase will probably be seen in a continued increase in the number of part-time domestic workers.

The continued task of the minister to strike a balance between the improvement of the lives of domestic workers and the limitation of the possible adverse consequences, remains the same daunting one of 10 years ago at the onset of minimum wages for this labour market.

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