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Minimum wages for domestic workers: a comprehensive analysis

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This article investigates the impact of a minimum wage for domestic workers on employment levels. A comparative analysis of two surveys undertaken in a Bloemfontein suburb challenges the Minister's statement that the newly announced minimum wages for domestic workers in South Africa are “not only affordable but very realistic”. The analysis indicates that the demand for domestic workers is decreasing and that minimum wages could aggravate the situation. The wages of domestic workers vary not only between areas, but also within areas. Therefore, if job losses occur, rural and full-time domestic workers will be most affected. COSATU's proposal that minimum wages should be set not according to geographical differentials, but according to work performed, seems meritorious.

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In May 1999 the Minister of Labour announced his intention to lay down minimum wages for domestic workers in South Africa. An investigation by the Department of Labour followed and in July 2001 a report entitled *Investigation into minimum wages and conditions of employment of domestic workers* was released (Dept of Labour 2001a).

The investigation revealed substantial wage differentials between urban and rural domestic workers. Therefore three minimum hourly wages were recommended in accordance with municipal council areas: R3.07 per hour (R600 per month) for Area A (urban areas); R2.56 per hour (R500 per month) for Area B (urban-rural areas); and R2.05 per hour (R400 per month) for Area C (rural areas). Areas A, B, and C are municipal council areas with an urban portion of respectively 61% and higher, between 41% and 60%, and 40% and under. Furthermore, across-the-board increases of 7% per year were recommended for the second and third years of the sectoral determination.

Following these recommendations, the Minister announced *Sectoral determination 7: domestic worker sector* in August 2002 (Dept of Labour 2002b). However, the determination deviates from the recommendations contained in the Report of the Department. It stipulates that differentiated minimum hourly wages are 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. Instead of three areas, only two areas, A and B, are identified. Area A, where minimum wages of up to R800 per month are to be paid, includes all cities and certain towns. Area B, where lower minimum hourly wages are prescribed, is described as “the rest of South Africa.” Domestic workers who work 27 or fewer ordinary hours per week, must be paid a higher wage than those who work more than 27 ordinary hours per week. Furthermore, the Minister prescribed annual wage increases of 8%, instead of 7%, as had been recommended in the Report.

In his parliamentary media briefing on the sectoral determination, the Minister said that his aim was “to balance the improvement of the livelihood of domestic workers with the retention of existing jobs and the creation of new employment opportunities for domestic workers” (Dept of Labour 2001b: 83–4). The Minister expressed confidence that the wage determination would achieve this, and he
therefore described the minimum wages as “not only affordable but very realistic” (Dept of Labour 2001b). This inevitably raises the question: what actual impact will the prescribed minimum wages have on the employment levels of domestic workers?

1. What does the theory of minimum wages predict?

According to labour market theory, minimum wages may have positive or negative impacts on employment levels. The actual outcome depends on a number of factors, such as market structure, the so-called shock effect, the wage elasticity of the labour supply and demand, and the level of the minimum wage.

In a competitive labour market where the minimum wage applies to all workers, employment levels will decrease because the marginal revenue product of the workers will be less than the minimum wage. Therefore profit-maximising employers will reduce employment. In addition, the higher-than-market-equilibrium minimum wage will encourage more people to enter the labour market. At the minimum wage level, labour supply will exceed labour demand and this will exacerbate unemployment. The higher the minimum wage is above the market equilibrium and the more elastic the labour supply and demand are, the more serious the unemployment consequences of the minimum wage will be (Borjas 1996: 165-7).

In some situations, however, a higher wage could increase the marginal product of labour and therefore increase labour demand. This may be applicable in the case of a minimum wage. It is argued that the increased wage rate could shock firms employing low-wage labour into improving their management, employing better technology, or making better use of existing capital. This so-called shock effect results in a higher labour demand and could theoretically completely offset the negative unemployment consequences of the minimum wage. For this to happen, inefficiency in the firm is implied, but where inefficiency does exist, firms are just as likely to be over-employing labour as to be underutilising capital or technology. Therefore the minimum wage may just as well shock employers into discharging redundant labour (McConnell & Brue 1995: 378-9).
In the case of a monopsony market, where there is only one hirer of a specific type of labour, a minimum wage may actually raise employment levels. If the monopsonist is exploiting the workforce by paying wages lower than the marginal revenue product of labour, the labour supply will be lower than the demand. Provided that the minimum wage is not set too high, it will force the monopsonist up the labour supply curve, and both wages and employment levels will increase (Kaufman & Hotchkiss 2000: 293-4).

However, monopsony theory does not apply to the market for domestic workers where there are thousands of employers, most of them employing only one domestic worker. This situation is more in line with the assumption of a competitive labour market, where there are many employers and employees. It is also highly unlikely that the shock effect would be applicable to the market for domestic workers. Until now, domestic workers have been hired and paid per day, not per hour. A domestic worker has certain tasks to do every day, and when these are done, the worker is normally free (Bothma & Jordaan 1998: 486). This suggests overemployment and that a minimum hourly wage may be merely an incentive for employers to cut working hours.

Against this background the theory of minimum wages would seem to predict lower employment levels for domestic workers. This could manifest itself in the form of retrenchments and/or a reduction in working hours. The extent of job losses will depend on the level of the minimum wage and the elasticities of the labour supply and demand.

2. Efforts on the part of the Department of Labour to determine job losses

To determine the number of job losses that may occur at various minimum wage settings, the Department of Labour used a model based on elasticities for the formal sector, calculated by the World Bank. In this way it was established that 24 000 (6%) rural and 15 000 (5%) urban domestic workers could lose their jobs, if the minimum wages of respectively R400 and R600 per month were implemented, as proposed in the report Investigation into the minimum wages and conditions of employment of domestic workers (Dept of Labour 2001a).
However, the Department pointed out that these were only rough estimates, as the model had some weaknesses. First, the accuracy of the data may be questioned. To establish the current wage levels of domestic workers, the Department conducted workshops and public hearings throughout the country. Unfortunately employer participation was too low to be representative of the total domestic worker labour market. (The Department ascribed this to "apathy"). Therefore, to establish the wage levels for 2000, the 1995 October Household Survey (OHS) data were inflated by the consumer price index (CPI). Secondly, the Department based its analysis on minimum monthly wages, while recommending minimum hourly wages. This gives employers the choice of offsetting wages against hours worked. The Department itself admitted that this could lead to fewer job losses than the model implies. Thirdly, the calculation of job losses was based on increases in the total wage bill, while individual employers are affected only by the increase in their own (usually single) worker’s wages. Again, this could probably result in fewer job losses than predicted (Dept of Labour 2001a: 75-8).

Given all these shortcomings, how reliable are the predictions of the Department’s model? It seems as if the Department overestimated the number of job losses, but since the Minister has subsequently laid down higher and differently determined minimum wages than were recommended by the Department, the opposite may equally well be true.

3. Case studies in a Bloemfontein suburb

Instead of using dubious elasticities that do not apply to the domestic worker sector, a more reliable and simpler way of establishing potential job losses would have been to interview employers in various residential areas about the minimum wages. Structured interviews could also have provided more insight into wage differentials and conditions of employment, not only between areas, but also within them.

In 1997 Bothma & Jordaan (1998) interviewed domestic workers and their employers in the Langenhoven Park suburb of Bloemfontein to establish wage levels and the profile of domestic workers. They found that domestic workers’ wages varied according to the
number of days worked per week per employer, and that wage differentials were also related to the scope of the tasks performed. The researchers applied the theory of a competitive labour market to the wage data, as explained by Kaufman (1994: 241-53). From this analysis it was concluded that minimum wages for domestic workers should be regressive, i.e. higher for part-time workers than full-timers. By means of interviews with employers in the suburb, the researchers also tried to determine job losses which would result if a minimum wage of R600 per month were imposed. At that stage nearly a quarter of the respondents employing full-time domestic workers indicated that they would dismiss them (Bothma & Jordaan 1998: 493).

How will employers in Langenhoven Park react to minimum hourly wages of R4.51 (for domestics working 27 or fewer hours per week) and R4.10 (for domestics working more than 27 hours per week). What will happen to employment levels if employers grant wages increases of 8% per annum? What has changed since 1997 in the market for domestic workers?

In 2001 a follow-up survey was conducted in Langenhoven Park and the results were compared with those of the 1997 survey.1 This analysis may provide a perspective on the prescribed minimum wages for domestic workers, and even give more insight into the market for domestic workers as a whole.

4. The 2001 survey

4.1 Sample

Langenhoven Park is traditionally a white suburb, but relatively recently established and fast-growing. It is regarded as a middle-income area with a good mix of houses and townhouses.

The most recent available statistics from the Bloemfontein Municipality revealed that Langenhoven Park had 2,731 households in 1996. Not all households employ domestic workers. But, as the number of households had increased since 1996, it was assumed that

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1 The 1997 and 2001 surveys in Langenhoven Park excluded other categories of household workers such as gardeners and chauffeurs.
270 households would be roughly 10% (a representative sample) of the households employing domestic workers.

To conduct the survey, the suburb was divided into five sub-areas. In each of these, 27 houses and 27 townhouses were randomly selected. In cases where employers did not want to participate in the survey, or field workers were denied access to the premises, or employers were not at home, the next-door-neighbours were interviewed.

4.2 Questionnaire
A questionnaire designed by Bothma and Jordaan for their 1997 survey was used, with some adjustments.\(^2\)

To establish the profile of domestic workers in the area, they were asked questions regarding their age, education, and dependants. Domestic workers had to identify their tasks, and since many of them worked for more than one employer, they also had to indicate how many employers they served.

Employers were asked about the size of their households, how many days per week they employed a domestic worker, for how many hours per day the worker was employed, and whether a contract of service had been drawn up. To establish remuneration, employers had to indicate whether they paid their workers weekly or monthly, how much they paid them in cash, and whether they paid for their transport. To determine the impact of a minimum wage on employment levels, employers were asked what they would do if they had to pay their domestic workers a minimum wage of R3.07 per hour and grant them wage increases of 7% per annum, as was recommended in the Report of the Department in July 2001. (The researchers used these recommendations as their guidelines, as the Minister’s announcement of the new minimum wages occurred a year after the survey in Langenhoven Park was conducted).

4.3 Data collection and processing
Data collection occurred between 6 and 21 August 2001. Since most employers are at work during the day, interviews were conducted between 17:00 and 20:00. However, after 17:00 part-time domestic

\(^2\) This questionnaire is available on request from the authors.
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workers had already gone home. In such cases questions regarding the worker were posed to the employer. Some employers provided dubious information and a few questionnaires were incomplete. In total 241 valid responses were obtained.

While minimum hourly wages were proposed by the Department, domestic workers are hired by the day, not by the hour. Therefore they were categorised according to the number of days they were employed by a specific employer during the week, with four days or more being regarded as full-time.

To calculate daily wages for each category, it had to be taken into account that some employers paid their workers weekly, and others paid them monthly. Some paid transport allowances which were regarded as part of cash wages. In its survey of dwellings and domestic workers, Statistics South Africa calculated transport allowances as part of cash wages. However, in the Report of the Department, transport allowances were excluded because such payments were regarded as the exception rather than the rule. In the case of weekly payments, daily wages were calculated by dividing the weekly wage by the number of days worked per week. Where monthly wages were paid, the daily wage was calculated by dividing by the number of days worked per month (obtained by multiplying the number of days worked per week by 4.33 — the number of weeks per month). Hourly wages were calculated by dividing daily wages by the number of hours worked per day.

4.4 Results
The results of the 2001 survey will now be discussed under the following headings: domestic workers, employers, employment, hours worked, tasks, contract of service, wages, and employers' reactions to the minimum wage.

4.4.1 Domestic workers
The average age of the domestic workers involved in this study was 42.6. Thirteen (5.4%) of the 241 domestic workers were under 30 and 13 (5.4%) older than 55. On average, domestic workers had 2.5 dependants. Their skills levels were relatively low. Sixty-four (25%)
had never attended school, 102 (42.3%) had only primary-school education, and 79 (32.7%) had attended high school.

4.4.2 Employers

Of the 241 employers interviewed, 127 (52.7%) lived in houses and 114 (47.3%) in townhouses. Houses had an average occupancy of 3.6 and townhouses 2.2.

4.4.3 Employment

Eighty-one (33.6%) employers indicated that they hired a domestic worker for only one day per week, 62 (25.7%) for two days, 32 (13.3%) for three days and 66 (27.4%) for four or more days. Employers living in townhouses were more likely to hire part-time domestic workers, whereas employers in houses tended to hire full-timers. About half (52.6%) the respondents living in townhouses hired a domestic worker for only one day of the week, and only 7 (6.2%) employed full-timers. By contrast, only 21 (16.5%) employers living in houses hired a domestic worker for one day per week, while 59 (46.5%) employed full-timers.

Domestic workers may also be employed by more than one employer during the week. Of the 241 domestic workers involved in the study, 87 (36.1%) worked for only one employer, 59 (24.5%) for two, 46 (19.1%) for three, and 49 (20.3%) for four or more. This indicates that there are more employers than domestic workers in the market.

4.4.4 Hours worked

The average number of hours worked per day was 6.9. Four domestic workers indicated that they worked as many as 12 hours per day, while one said she worked only two hours per day. 80% worked between five and nine hours per day. In the case of houses, the average number of hours worked per day was 7.2, and for townhouses 6.5.

4.4.5 Tasks

Domestic workers’ tasks are summarised in Table 1. Virtually all domestic workers are involved in cleaning. Ironing is also a very common task, but washing less so. Cooking and child care, respectively, were performed by 50 (20.7%) and 19 (7.9%) domestic workers.
Table 1: Domestic workers’ task composition

<table>
<thead>
<tr>
<th></th>
<th>Cleaning</th>
<th>Ironing</th>
<th>Washing</th>
<th>Cooking</th>
<th>Child care</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number</td>
<td>239</td>
<td>226</td>
<td>157</td>
<td>50</td>
<td>19</td>
</tr>
<tr>
<td>Percentage</td>
<td>99.2%</td>
<td>93.8%</td>
<td>65.1%</td>
<td>20.7%</td>
<td>7.9%</td>
</tr>
</tbody>
</table>

4.4.6 Contract of service

Only 73 (30.3%) of the 241 employers who participated in the survey indicated that they have concluded a contract of service with their domestic workers.

4.4.7 Wages

Forty-four (18.3%) of the 241 employers interviewed indicated that they paid their domestic workers weekly and 197 (81.7%) monthly. The average daily cash wage was R39.02. The highest daily wage was R80 and the lowest R9.90.

Table 2 provides a summary of the average daily cash wages per category. Wages varied according to the number of days worked for an employer per week. Domestic workers employed for only one day per week by a specific employer earned the highest average wages per day. As the number of days increased, the average wage decreased. This is probably due to the fact that workers employed for more days receive more benefits in kind. Furthermore, average daily wages are higher in the case of houses than townhouses. This could be related to the fact that domestic workers employed in houses work on average longer hours per day than those working in townhouses.

Table 2: Average daily cash wages

<table>
<thead>
<tr>
<th></th>
<th>One day</th>
<th>Two days</th>
<th>Three days</th>
<th>Full-time</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>N = 81</td>
<td>N = 62</td>
<td>N = 32</td>
<td>N = 66</td>
</tr>
<tr>
<td>Total</td>
<td>R45.68</td>
<td>R40.79</td>
<td>R37.01</td>
<td>R30.16</td>
</tr>
<tr>
<td>Houses</td>
<td>R50.98</td>
<td>R42.63</td>
<td>R37.34</td>
<td>R30.36</td>
</tr>
<tr>
<td>Townhouses</td>
<td>R43.98</td>
<td>R39.43</td>
<td>R36.40</td>
<td>R28.46</td>
</tr>
</tbody>
</table>

The average hourly cash wage of all domestic workers involved in the survey was R6.19. The highest hourly wage was R14.54 and the lowest R0.83.
Like average daily wages, the average hourly wage also tended to decrease as the number of days worked increased. In the case of one and two days’ employment, the average hourly wage for workers in houses was higher than for those in townhouses. However, with regard to three-day and full-time employment, the average hourly wage was higher for townhouses than for houses (see Table 3).

Table 3: Average hourly cash wages

<table>
<thead>
<tr>
<th></th>
<th>One day N = 81</th>
<th>Two days N = 62</th>
<th>Three days N = 32</th>
<th>Full-time N = 66</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>R7.26</td>
<td>R6.65</td>
<td>R5.88</td>
<td>R4.52</td>
</tr>
<tr>
<td>Houses</td>
<td>R7.71</td>
<td>R7.06</td>
<td>R5.77</td>
<td>R4.15</td>
</tr>
<tr>
<td>Townhouses</td>
<td>R7.11</td>
<td>R6.35</td>
<td>R6.09</td>
<td>R5.62</td>
</tr>
</tbody>
</table>

4.4.8 Employers’ reaction to the minimum wage

Only 19 (7.9%) of the employers who took part in the survey paid an hourly wage less than the minimum wage of R3.07 per hour proposed by the Department for the area. All 19 employers employed full-time domestic workers.

When asked how they would react to the proposed minimum wage of R3.07 per hour and an annual increase of 7%, 217 (90%) of the employers indicated that it would not affect them. Six (2.6%) employers said that they would reduce the number of hours worked, and nine (3.7%) were unsure of how they would react. Only nine (3.7%) employers indicated that they would terminate the services of their domestic workers. These nine employers all employed full-time domestic workers.

5. What has changed since 1997?

The 2001 survey was conducted four-and-a-half years after the 1997 survey. A comparison of the two surveys reveals not only similarities, but also a number of changes in the market for domestic workers.

The average age of domestic workers has increased from 39.2 to 42.5 years. On the other hand, their average number of dependants has decreased from 2.9 to 2.5. Their educational levels remain unchanged. Both surveys revealed that a quarter of domestic workers had never attended school.
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Table 4 compares domestic workers’ tasks for 1997 and 2001. It reveals that cleaning is still the primary task of virtually all domestic workers. The 1997 survey did not distinguish between washing and ironing, but the 2001 survey showed that ironing is the more common task. Cooking and child care seem to be less prominent now than in 1997.

Table 4: Domestic workers’ tasks: 1997 and 2001

<table>
<thead>
<tr>
<th>Task</th>
<th>1997</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cleaning</td>
<td>173 (97.8%)</td>
<td>239 (99.2%)</td>
</tr>
<tr>
<td>Washing and ironing</td>
<td>171 (96.4%)</td>
<td>157 (65.1%)</td>
</tr>
<tr>
<td></td>
<td>226 (93.8%)</td>
<td></td>
</tr>
<tr>
<td>Cooking</td>
<td>64 (36.1%)</td>
<td>50 (20.7%)</td>
</tr>
<tr>
<td>Child care</td>
<td>21 (12.1%)</td>
<td>19 (7.9%)</td>
</tr>
</tbody>
</table>

With regard to employment contracts, some progress has been made. According to the 2001 survey, 30.3% of employers had concluded a contract of service with their domestic workers, compared to only 17.5% of the employers who took part in the 1997 survey.

There were no significant changes in the number of days per week for which individual employers hired domestic workers. At the time of the 1997 survey, two-thirds of all domestic workers were employed by only one employer; whereas the 2001 survey revealed that only 36.1% worked for a single employer. In the 1997 survey 6.8% of domestic workers said that they worked for four or more employers per week; in the 2001 survey this had increased to 20.3%.

Average daily wage levels are compared in Table 5. Both surveys revealed that domestic workers’ wages varied according to the number of days they were employed by a specific employer per week. As the number of days increased, the average daily wage decreased. Furthermore, average daily cash wages in all categories had increased by 37.3% between 1997 and 2001. This amounts to an average increase of 8.3% per annum. During the same period the Consumer Price Index (CPI) increased on average by 5.6% per annum, which implies that domestic workers’ wages increased not only in nominal terms but also in real terms. No comparisons could be made with regard to hourly wages, since no data on hours worked was collected in the 1997 survey.
Table 5: Average daily cash wages, 1997 and 2001

<table>
<thead>
<tr>
<th></th>
<th>1997</th>
<th>2001</th>
<th>% Increase</th>
<th>% Increase per year</th>
</tr>
</thead>
<tbody>
<tr>
<td>One day</td>
<td>R34.50</td>
<td>R45.68</td>
<td>32.4%</td>
<td>7.2%</td>
</tr>
<tr>
<td>Two days</td>
<td>R29.27</td>
<td>R40.79</td>
<td>39.4%</td>
<td>8.8%</td>
</tr>
<tr>
<td>Three days</td>
<td>R27.15</td>
<td>R37.01</td>
<td>36.3%</td>
<td>8.1%</td>
</tr>
<tr>
<td>Full-time</td>
<td>R21.27</td>
<td>R30.16</td>
<td>41.8%</td>
<td>9.3%</td>
</tr>
<tr>
<td>All categories</td>
<td>R28.41</td>
<td>R39.02</td>
<td>37.3%</td>
<td>8.3%</td>
</tr>
</tbody>
</table>

6. Are the new minimum wages “affordable” and “very realistic”?

The Minister described the minimum wages for domestic workers announced in August 2002 as “not only affordable but very realistic”. Did the Minister perhaps lay down too high a minimum wage? What consequences will these minimum wages have for employment levels? What does the foregoing analysis tell us?

According to the responses of employers who participated in the 2001 survey, the minimum wage of R3.07 per hour recommended by the Department in July 2001 seemed affordable and realistic. The survey revealed that only 7.9% of employers in Langenhoven Park paid their domestic workers less than the proposed minimum wage of R3.07 per hour. This, however, does not necessarily mean that 7.9% of domestic workers would lose their jobs if this particular minimum wage were enforced. When asked how they would react to the proposed minimum wage and annual increases of 7%, a mere 3.7% of employers indicated that they would terminate the services of their domestic workers. This is well below the 5% job losses that the Department’s model had predicted for urban areas.

The 2001 survey furthermore revealed that full-time domestic workers were most at risk of losing their jobs if minimum wages were imposed. This relates to the wage differentials between part- and full-time domestic workers, with the latter receiving lower average daily and hourly cash wages. The Department neglected this aspect in their analysis, emphasising only the wage differentials between urban and rural domestic workers.

Furthermore, it should be noted that 2.5% of the employers who took part in the 2001 survey indicated that they would reduce the
number of hours worked, instead of terminating the services of their domestic workers. Although this cannot be regarded as amounting to job losses, it implies a reduction in the labour demand and could result in fewer full-time jobs for domestic workers. There are already more employers than domestic workers, as is evident from the fact that many domestic workers work for more than one employer a week. The comparative analysis showed that there was a significant increase from 1997 to 2001 in the number of employers for whom an individual domestic worker worked. This indicated that employers tended to reduce the number of hours worked, which means that more and more domestic workers are employed on a part-time basis. The decrease in the percentage of domestic workers who were expected to perform tasks like cooking and child care are probably related to this trend.

Although the minimum wages recommended by the Department in July 2001 seemed low and realistic, the same could probably not be said of the minimum wages announced by the Minister in August 2002.

To establish what could happen to employment levels in Langenhoven Park if the newly announced minimum wages were imposed, current wage levels should be known. Since this analysis has shown that employers in the area granted average wage increases of 8.3% per annum, the researchers adjusted the 2001 wage levels by 8.3%. The adjusted wages were then compared with the prescribed minimum wages of R4.51 (for those working 27 or fewer ordinary hours per week) and R4.10 per hour (for those working more hours).

The comparison revealed that 37 (15.4%) of the 241 employers participating in the 2001 survey are probably now paying wages lower that the prescribed minima. All but one lived in houses. Only seven of them employed a domestic worker for fewer than 27 hours per week. The other 30 all hired full-timers. This implies that 30 (45.5%) of the 66 employers hiring full-time workers will from now on pay the new minimum wages, or discharge their workers, or (more likely) reduce working hours. Bearing in mind that the demand for full-time domestic workers has decreased since 1997, it seems evident that the new minimum wages could aggravate the unemployment situation.
Although the minimum wages prescribed by the Minister for full-time domestic workers are probably too high, he took the right step in laying down lower minima for full-time domestic workers than for part-timers. The two surveys conducted in Langenhoven Park indicated that part-time domestic workers did indeed earn higher hourly wages than full-timers. The Minister's decision to lay down different minimum wages for the two groups is also in line with the recommendation of Bothma & Jordaan (1998: 495-6) that minimum wages for domestic workers should be regressive, with higher wages for part-time workers than for full-timers.

A proposal by COSATU (2001) that minimum wages should be set not according to geographical differentials, but rather according to the work performed, could also have merit. The case of Langenhoven Park reveals that domestics working in houses earn more than those working in townhouses. This may be attributed partly to the income differentials of employers, and partly to the scope of the tasks performed. The workload in houses seems to be higher than that in townhouses. Houses have more occupants than townhouses, and domestic workers work longer average hours in the former.

The annual wage increase of 8% prescribed by the Minister seems quite realistic. The above analysis has shown that employers granted average wage increases of 8.3% between 1997 and 2001, well above the average annual inflation rate of 5.6% for the period.

As is evident from the Langenhovenpark study, the market for domestic workers is complex and dynamic. This complicates the setting of appropriate minimum wages for domestic workers. The task of the Minister to find a balance between the improvement of the livelihood of domestic workers and the limitation of job losses will never be easy.
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