

BUSINESS REPORT

News

Restaurants cuts jobs as wage bill rises

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The introduction of minimum wages for the hospitality sector in July had made the cost of labour unaffordable, forcing companies to fire staff, the Restaurant Association of South Africa (Rasa) said yesterday.

Wendy Alberts, the chief executive of Rasa, said the statistics of people who had lost their jobs were in a document that the association had prepared and handed over to labour minister Membathisi Mdladlana in August.

Alberts refused to disclose the numbers, saying the association preferred to discuss them with the government first.

However, she said Rasa's efforts to contact Mdladlana had been frustrated, as he had not responded to the group.

"We have also had customers complaining about our services because instead of having 10 waiters on the floor, we now have two," said Alberts.

Ben Filmmater, the chief executive at Mugg & Bean, said that since the company started complying with the act, labour costs had increased 20 percent.

Filmmater said Mugg & Bean had to reduce the number of working hours for staff, to avoid job losses.

"This process has also created imbalances at the workplace," he said. "Because the guy on the floor is now making a lot more than the guy in the kitchen, because he is now getting a minimum wage and tips, yet the kitchen guy is the one that actually has a skill."

Filmmater agreed that customer service had been compromised due to the act.

Alberts said Rasa, which has 1 700 members, was now consulting with lawyers to take the case to the constitutional court. This move followed failed attempts to discuss the matter with the minister.

She said the association would give Mdladlana until early next year before exploring the legal route.

Mdladlana said in May that hospitality workers would have to be paid a minimum wage of R1 650, while employers with 10 employees or fewer must pay staff R1 480 a month.

The hourly rate for casual workers would be R7.59.

Before the introduction of the act there was no fixed amount that workers received.

Some firms paid basic wages, while others paid their employees only commission and tips.

Zolisa Sigabi, the labour department's spokesperson, said the department could not respond to questions yesterday.