



# WEEKLY LABOUR BULLETIN

Commercial Farmers Union Bulletin #11



21<sup>st</sup> April 2026

# TABLE OF CONTENTS

## HOW TO CALCULATE TERMINAL BENEFITS

01	<b>Introduction.....</b>	<b>1</b>
02	<b>What are terminal benefits? .....</b>	<b>1</b>
03	<b>When are terminal benefits due? .....</b>	<b>1</b>
04	<b>What are the terminal benefits due? .....</b>	<b>1</b>
	When an employee resigns/is dismissed.....	2
	When the employer institutes the termination.....	2
05	<b>How to calculate the terminal benefits.....</b>	<b>3</b>
06	<b>Conclusion.....</b>	<b>3</b>

## HOW TO CALCULATE TERMINAL BENEFITS

### INTRODUCTION

Whenever an employee has their employment terminated for whatever reason, they are entitled to terminal benefits according to section 13 of the Labour Act. This section stipulates the circumstances under which one is entitled to the terminal benefits and what constitutes the terminal benefits. It is important for the farmer to be aware of these because failure to adhere to the provisions of this section has its consequences.

### WHAT ARE TERMINAL BENEFITS?

Terminal benefits are the benefits an employee is entitled to when the employment is terminated for one reason or another. It is imperative to note that these benefits are due to the employee as soon as the employment is terminated and are not to be withheld for any reason unless granted by the Minister upon application (section 13 (2) of the Labour Act).

### WHEN ARE TERMINAL BENEFITS DUE?

Section 13 (1) of the Labour Act stipulates when the terminal benefits will be due to the employee, and below are the instances when the benefits are due, that is, when the employee:

- a. is dismissed from his employment or his employment is otherwise terminated; or
- b. resigns from his employment; or
- c. is incapacitated from performing his work; or
- d. dies.

When one of these situations occurs, it means that the terminal benefits are due and should be paid out as soon as is practically possible, **but it should not take long, as it will constitute an unfair labour practice.**

### WHAT ARE THE TERMINAL BENEFITS DUE?

Section 13 (1) lists the terminal benefits that are to be paid, which are listed hereunder:

# CFU WEEKLY LABOUR BULLETIN - 21<sup>st</sup> April 2026



1. the wages and benefits due to him up to the time of such termination,
2. any outstanding vacation and notice period,
3. any outstanding medical aid,
4. any outstanding social security,
5. any pension.

It is important to note that when employment has been terminated through retrenchment, the above-mentioned benefits will not form part of the retrenchment package. That is, these terminal benefits are different entitlements to retrenchment and are paid separately. It therefore means that terminal benefits are paid on top of the retrenchment package (Section 13 (1a)).

Section 25 of S.I 41 of 2022 mentions another benefit that must be paid to an employee who has been terminated, that is, gratuity. However, for gratuity to be paid, the employee must have completed 5 or more years of continuous service. Gratuity is paid irrespective of the circumstances of such termination, meaning that an employee who is dismissed for misconduct is also entitled to gratuity.

The terminal benefits due to a particular employee are also dependent on the nature of the termination. When an employee leaves on their own accord or resigns or when the employee has been dismissed, their terminal benefits are different to when the termination has been initiated by the employer.

## **WHEN AN EMPLOYEE RESIGNS/DISMISSED**

The terminal benefits due to an employee resigning or being dismissed are similar. The employee will be entitled to all the items mentioned in section 13 of the Labour Act referred to above and gratuity if they have worked for at least 5 years.

## **WHEN THE EMPLOYER INSTITUTES THE TERMINATION**

The employer can institute termination either through retrenchment or by mutual agreement to terminate. Retrenchment means terminating the employee's employment for the purpose of reducing expenditure or costs, adapting to technological change, reorganising the undertaking in which the employee is employed, or for similar reasons, and includes the termination of employment on account of the closure of the enterprise in which the employee is employed. Mutual agreement is when the employer and the employee agree to terminate the contract of employment. So, in this instance, the terminal benefits of section 13 must also be paid together with gratuity.

The difference comes on the issue of the retrenchment package/ compensation for loss of employment, which must be paid to the employee



# CFU WEEKLY LABOUR BULLETIN - 21<sup>st</sup> April 2026



upon termination. The package is calculated at 1 month's salary for every year served, which means that if an employee has worked for 20 years and earns \$100 per month, you multiply the 20 years by \$100 to get \$2000 as the retrenchment package/compensation for loss of employment. This package must be paid to any employee who has been retrenched or where there is a mutual agreement to terminate.

Notice pay is also paid when the employer initiates the termination. It is payable to an employee who has been given notice but is not required to work during the notice period, then the employee must be paid notice pay, dependent on the length of the notice. If the employee continues working throughout the notice period, they are not entitled to notice pay.

***\*NOTE\* Employees dismissed for misconduct are not eligible to receive notice pay.***

## HOW TO CALCULATE THE TERMINAL BENEFITS

This is where the importance of keeping employment records on the farm becomes critical, as it enables the farmer to see what is outstanding for any employee. The farmer must ensure that they keep records of all their employees, which include employment contracts, the pay schedules, leave days accrued and taken, etc., so that when employment is terminated for whatever reason, it will be easy for the farmer to calculate the employee's terminal benefits. The farmer must pay any outstanding wages and benefits that are accruing to the employee. If there are any leave days, these must be paid according to the prevailing rates in the CBA, which currently is S.I 41 of 2022. Everything that is outstanding to the employee must be paid so that the farmer does not have any obligations to the employee.

## CONCLUSION

Terminal benefits are mandatory when one's employment is terminated and the employer must ensure that the benefits are paid as soon as possible and withholding such benefits without the Minister's approval, the employer shall be guilty of an offence and liable to a fine not exceeding level seven or to imprisonment for a period not exceeding two years or to both such fine and such imprisonment. Therefore, whenever employment is terminated, terminal benefits must be paid.

***Disclaimer: This article is issued to serve as a general guide to farmers and does not substitute legal advice that may be required to address a particular situation with peculiar circumstances.***

[Click Here: to find previously published Labour Bulletins](#)

**Commercial Farmers Union Bulletin #11**

