

# Legal Update

**The Labour Laws (Amendments) Act, Act No. 4 of 2025, came into force on the 14<sup>th</sup> March, 2025. The law amends The Employment and Labour Relations Act, 2004, the Labour Institutions Act, 2004 and The Non-Citizen (Employment Relations) Act, 2015.**

## **Key highlights of the amendments:**

- 1. Expanded definition of award:** The Act has widened the definition of award. The new definition of award has been expanded to include agreement reached after mediation, decision, decree and ruling. All these are considered final determinations of matters.
- 2. The scope of a contract for a specific period** has been expanded to include employee:-
  - Hired due to temporary work volume increase beyond 12 months.
  - Recent graduates in training (max 24 months).
  - On specific projects.
  - Non-citizens with limited work permits.
  - Hired under externally funded roles.
  - Past retirement age (as per law).
  - Employed under tender-based business.
- 3. Emergency situations:** The Act has also taken into account cases of outbreaks or potential outbreaks of infectious disease or other emergency which likely to affect the safety of employees or disrupt operations and production at work place. The law allows an employer and employee to agree on the adaptation for the best interest of both parties. The law also creates an avenue to challenge the agreement reached.
- 4. Maternity leave for a mother who gives birth to a premature child.** The maternity leave for the mother shall commence from the date of birth of the child to completion of forty weeks of the pregnancy and maternity leave period as provided under section 33(6).

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5. **Paternity leave** for a father who have premature child shall be entitled to seven (7) days paid leave.
6. **Unpaid leave** : The law has also introduced unpaid leave under section 34A. employees shall be entitled to 30 days or more as it may be agreed of unpaid leave. However, the conditions to be defined in upcoming regulations.
7. **Disciplinary hearings**: The law has also amended Section 37 regarding disciplinary hearings that an employer shall not commence or continue a disciplinary matter against an employee where such matter has been referred to the Commission or Court for determination.
8. **Termination compensation**: The law has also amended Section 40 of the Act which deals with determination in case of termination of employee. The law has specified the scope of compensation as follows:
  - **Unfair termination**: 6–12 months remuneration.
  - **Unfair reason only**: 12–18 months.
  - **Unfair reason + procedure**: 12–24 months.
  - **Discrimination/harassment**: 12–24 months.
9. **Breach of contract by employer**: The law has also introduced statutory remedies for Material breach of a fixed term contract by the employer. In case such determination has been made, employer may be ordered to compensate the employee renumeration equal for the remaining term of the contract. However, the law is silent on compensation of a employees with permanent contracts.

### Final takeaway for employers:

- **Audit your employment contracts and HR policies.**
- **Train HR teams** on the new definitions, rights, and procedures.
- **Prepare for regulatory updates**, especially on unpaid leave.
- **Seek legal advice** for complex terminations or emergency-related changes.

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