

**labour**Department:
Labour
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Basic Guide to Severance Pay

If retrenched workers have a dispute about severance pay, they may refer the dispute for conciliation or arbitration. If retrenched workers unreasonably refuse other employment, they are not entitled to severance pay.

Application

The Labour Relations Act applies to all employers, workers, trade unions and employers' organisations, but does not apply to -

members of the:

- National Defence Force;
- National Intelligence Agency; or
- South African Secret Service.

See

- Labour Relations Act

Applies to all workers and employers and aims to advance economic development, social justice, labour peace and the democracy of the workplace.

Conditions for Severance Pay

Employers must pay severance pay to retrenched workers. The pay must be equal to at least 1 week's pay for each completed year of continuous service. In addition to severance pay, workers are entitled to any other amounts that they are legally entitled to.

Workers are not entitled to severance pay if they unreasonably refuse other employment with the same employer or with another employer.

Disputes

A worker may refer a severance pay dispute in writing to -

- a bargaining or statutory council, or
- the Commission for Conciliation, Mediation and Arbitration (CCMA).

If a dispute remains unresolved, a worker may refer the dispute to the Labour Court.

Related Links

- Basic Guide to Bargaining Councils
Under the Labour Relations Act, bargaining councils conclude agreements, resolve labour disputes, make proposals on labour policies, etc.
- Basic Guide to Statutory Councils
Statutory councils may be formed by registered trade unions and employers' organizations to manage labour disputes.
- The Commission for Conciliation, Mediation and Arbitration (CCMA)
Visit the website of the Commission for Conciliation, Mediation and Arbitration (CCMA)