

The new Labour Law Amendment Bill 2025:

A strategic playbook for
executives and HR leaders

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Elevating **business**.
Elevating **society**.

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Introduction

This playbook is designed to help South African employers confidently navigate the Labour Law Amendment Bill 2025. The contents unpack the critical legislative changes, explain their practical implications, and outlines clear steps for managing transformation in South Africa's evolving labour landscape. Use this playbook as a strategic roadmap to help your business stay compliant, minimize disputes, and convert regulatory challenges into competitive advantage.

Why does this matter now?

South Africa's labour market is undergoing significant transformation driven by technological shifts, the rise of the gig economy, and post-pandemic realities. The Labour Law Amendment Bill was promulgated in early 2026 and is set to take effect* from July 1, 2026, giving businesses a clear timeline to prepare for compliance.

The South African labour law framework prior to this new Bill was already complex, with multiple statutes governing employment relations, conditions, equity, and minimum wages. The amendment Bill introduces major reforms that will reshape employer obligations and employee rights introducing compliance complexities that businesses cannot afford to ignore.

Compliance is no longer optional; it is a business imperative and your plans and policies should be in place.

* The new parental leave policy has been legally in force since 3 October 2025, the date the Constitutional Court handed down its ruling in *Van Wyk v Minister of Employment and Labour*. From that day, the previous gender-specific maternity/paternity leave provisions were struck down and replaced with a shared, gender-neutral entitlement of 4 months and 10 days parental leave, effective immediately.



A smiling man in a dark blue suit and white shirt is pointing with a pen at a large digital screen. The screen displays various financial charts, including a candlestick chart at the top and a bar chart below it. Text on the screen includes 'APPCBTC', 'Price: 0.00000698', 'Amount:', and '50% 75% 100%'. The background is a bright, modern office with large windows.

1. Background and drivers of reform

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Historical context

Since the 1990s, South Africa's labour laws have sought to balance worker protection with economic growth and social justice. However, the world of work and employment has evolved dramatically, exposing gaps in the existing framework. The traditional employer-employee relationship is now complemented by new forms of work, such as gig and platform work, which challenge conventional definitions and protections.

Key drivers of the new bill

01

Gig economy explosion

The growth in platform-based work (ride-hailing, delivery, freelancing) has blurred the lines between employees and independent contractors. This has created uncertainty around rights and protections, prompting the Bill to expand the definition of 'employee' to include gig and platform workers, offering them protection under labour laws

02

Post-COVID work transformations:

The pandemic accelerated remote work, flexible hours, and precarious contracts. These shifts revealed vulnerabilities in worker protections, especially for those with unpredictable schedules or zero-hours contracts

03

Wage inequality and pay equity:

Persistent disparities in pay, especially along gender and racial lines, have driven demands for stronger enforcement of pay equity audits and wage differentiation controls

04

Institutional backlogs

The Commission for Conciliation, Mediation and Arbitration (CCMA) and Labour Courts have faced significant backlogs, delaying dispute resolution and undermining confidence in the system. The Bill aims to streamline processes and reduce bottlenecks

05

Outdated retrenchment frameworks:

Existing retrenchment laws no longer align with the realities of modern business, where agility and speed are essential. The Bill introduces streamlined retrenchment procedures to facilitate faster, fairer restructuring

06

NEDLAC consensus:

The Bill reflects a broad consensus reached through the National Economic Development and Labour Council (NEDLAC), involving government, business, and labour representatives, ensuring balanced reforms.





2. Major amendments to key labour laws

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2.1 Labour relations act (LRA)

Expanded employee definition:

The Bill explicitly includes gig and platform workers as employees unless the employer can prove otherwise. This reduces misclassification risks and extends labour protections to a growing segment of the workforce. Employers must carefully assess worker status to avoid penalties

Remedies limited for high earners:

Employees earning above R1.8 million per annum will have limited remedies in unfair dismissal cases. They cannot seek reinstatement but may claim compensation. This balance protects senior employees while allowing business flexibility

Simplified procedural fairness:

The Bill clarifies that a fair dismissal process requires giving the employee a reasonable opportunity to respond to allegations, streamlining procedural requirements and reducing litigation risk

Retrenchment process streamlining:

Labour Court referrals for retrenchments are expedited, and procedural requirements are simplified to reduce delays and costs, enabling businesses to restructure more efficiently

Secret ballot for closed-shop agreements:

The Bill mandates secret ballots for terminating closed-shop agreements, enhancing democratic participation in union matters. Failure to conduct ballots within prescribed timeframes results in agreement lapsing

Bargaining council exemptions:

New businesses (less than two years old) with fewer than 50 employees are exempt from certain bargaining council collective agreements, reducing administrative burdens and supporting startups.

2.2 Basic conditions of employment act (BCEA)

Severance pay doubled:

Statutory severance pay increases from one week to two weeks per completed year of service, effective prospectively. These raises exit costs but promotes fair treatment and financial security for departing employees

On-Call and zero-hours protections:

The Bill introduces a new framework regulating unpredictable work arrangements. Employers must specify maximum hours, availability periods, and reasonable notice for reporting or cancellation. If notice is insufficient, employees must be compensated for cancelled hours. This protects vulnerable workers from sudden schedule changes and income volatility

Parental leave overhaul:

The Bill consolidates maternity, parental, adoption, and commissioning parental leave into a unified, gender-neutral framework. Parents are entitled to four months' parental leave if only one parent takes leave; if both parents share leave, they collectively have four months and ten days. Adoption leave is extended to children up to six years old. This promotes gender equality and flexibility for working parents

Enforcement enhancements:

The Bill strengthens enforcement by consolidating claims, increasing fines for non-compliance, and empowering a new team of labour inspectors with broader authority.

2.3 Employment equity act (EEA)

Expanded harassment claims:

The scope of unfair harassment is broadened to include all forms of harassment, reinforcing workplace safety and dignity

Tightened wage differentiation:

Pay equity audits become more rigorous, with accredited bargaining councils empowered to resolve disputes. Employers must proactively address wage gaps to avoid legal and reputational risks.

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2.4 National minimum wage act (NMWA)

Wage calculation clarification:

Deferred payments (such as bonuses or commissions paid later) are excluded from minimum wage calculations, providing clarity and preventing underpayment disputes

Restructured national minimum wage commission:

The Commission's role is enhanced to improve stakeholder engagement and oversight, ensuring the minimum wage remains relevant and enforceable.

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3. Compliance is non-negotiable: The new era of labour inspectors

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The government plans to deploy 10,000 new labour inspectors over three years, with an estimated budget of R10 billion. This significant investment reflects the priority placed on enforcement and the increased risks for non-compliance.

Focus areas for inspectors

- Severance pay compliance, especially with the doubled rates
- On-call worker protections and scheduling practices
- Employment equity and harassment policy adherence
- Correct classification of employees versus contractors
- Compliance with dismissal and retrenchment procedures.

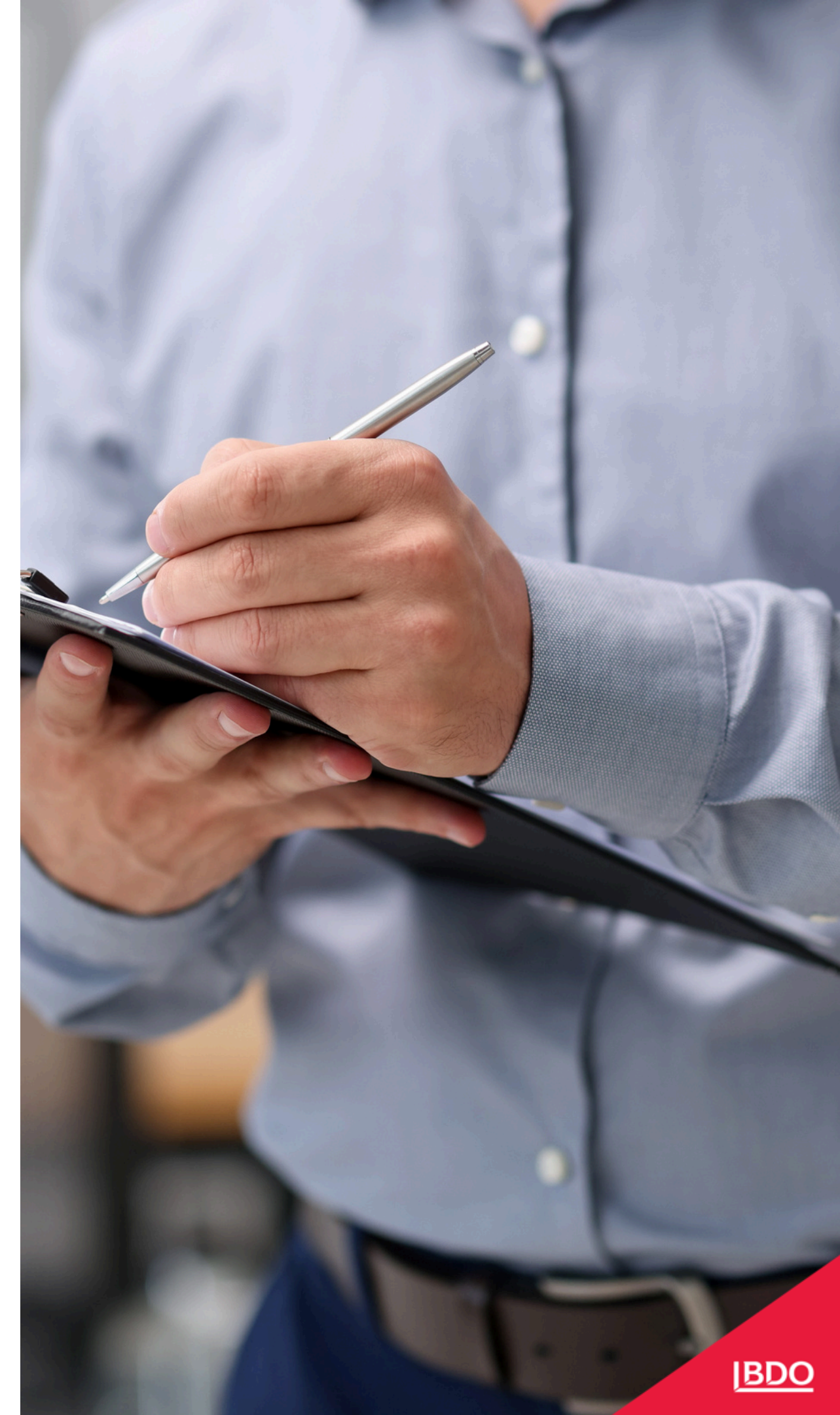
Business risks

Non-compliance risks include heavy fines, legal challenges, and reputational damage. Labour inspectors will have expanded powers to issue compliance orders and enforce penalties swiftly.

Practical tips (be prepared)

- Conduct comprehensive audits of workforce classifications and contracts, especially for gig and platform workers
- Review payroll systems to ensure severance pay calculations are accurate and updated
- Update dismissal and disciplinary procedures to align with streamlined fairness tests
- Train HR and management on the new laws and compliance expectations
- Maintain clear records and documentation to demonstrate compliance during inspections.

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4. Implications for employers

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Immediate actions

- Audit workforce composition and contracts, focusing on newly included employee categories
- Review severance liabilities and update payroll systems to reflect the new severance pay rates
- Revise dismissal and disciplinary procedures to comply with simplified procedural fairness requirements.

Short-term priorities (within 6 months)

- Redesign on-call and zero-hours contracts to comply with the new scheduling and notice requirements
- Conduct pay equity audits and update employment equity plans to address tightened wage differentiation rules
- Train HR and management teams on new labour law provisions and compliance protocols.

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Executive must know risks and opportunities

Amendment area	Risk if ignored	Opportunity if leveraged
Expanded employee definition (gig/platform workers)	Misclassification fines and disputes	Access to broader talent pools with compliant contracts
Severance pay doubling (BCEA)	Higher payroll liabilities and litigation	Employer brand boost through fair exit practices
Parental leave overhaul	Non-compliance penalties and reputational damage	Positioning as a progressive, family-friendly employer
Pay equity audits (EEA)	Exposure to wage gap claims	Competitive edge via transparent, equitable pay structures
Streamlined retrenchment processes (LRA)	Costly disputes if procedures are mishandled	Faster restructuring with reduced legal bottlenecks
Harassment claims expansion	Increased case volume and reputational risk	Safer workplace culture, stronger employee trust
Minimum wage clarification	Payroll miscalculations and inspector sanctions	Clearer wage structures, easier compliance reporting
Labour inspectorate expansion	Heightened risk of fines and shutdowns	Early compliance readiness as a differentiator
Bargaining council empowerment	More complex dispute resolution	Sector-specific solutions tailored to business realities
Technology in dispute resolution	Lagging behind in digital compliance	Efficiency gains through HR tech and AI-enabled systems

A woman with blonde hair tied back, wearing glasses and a white blazer over a dark top, is smiling and gesturing with her right hand while sitting at a desk. In the foreground, the back of a person with dark hair is visible, looking towards the woman. The background shows an office environment with shelves, a potted plant, and computer monitors.

5. What employees need to know

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Employees, especially those in gig and platform roles, gain expanded rights and protections:

- The broader employee definition means more workers are covered by labour laws, reducing misclassification risks
- Severance pay has doubled, providing better financial security upon exit
- Parental leave is now more flexible and inclusive, supporting diverse family structures and shared parenting responsibilities
- Harassment claims can be raised for a wider range of unfair behaviours, promoting safer workplaces
- Minimum wage protections are clarified, ensuring fair pay calculations and preventing underpayment

Employees should understand these rights and how to raise concerns or claims under the new framework.

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6. Dispute resolution and enforcement changes

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01

Expanded CCMA powers:

The CCMA gains broader jurisdiction and streamlined processes to resolve disputes more efficiently, reducing backlogs

02

New protest certificate and strike ballot procedures:

The Bill introduces clearer rules for lawful industrial action, including secret ballots for strike mandates and protest certificates

03

Bargaining council empowerment:

Bargaining councils are empowered to resolve disputes, easing pressure on courts and providing sector-specific solutions

04

Retrenchment and dismissal disputes:

Faster and clearer procedures reduce uncertainty and legal costs for employers and employees alike

05

Tips for navigating disputes:

Early engagement with dispute resolution bodies, maintaining clear documentation, and seeking professional advice are essential to manage disputes effectively.

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7. Looking ahead: The future of labour relations in South Africa

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Technology and AI:

Increasing use of technology and AI in dispute resolution and compliance monitoring promises greater efficiency and transparency

Implementation challenges:

Businesses must adapt to intensified enforcement and evolving regulatory expectations, requiring ongoing training and system upgrades

Employer-employee-regulator relationships:

The future will emphasize partnership, transparency, and proactive compliance to build trust and resilience

Competitive advantage:

Businesses embracing compliance and fair labour practices can enhance their brand reputation, attract talent, and improve employee engagement.





Conclusion

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The Labour Law Amendment Bill 2025 marks a new era of labour regulation in South Africa. Compliance is essential, not just to avoid penalties but to build a resilient, fair, and future-ready workforce. Staying informed and proactive will position your business better off with BDO.

We are here to help you understand these changes, implement practical solutions, and navigate compliance confidently. Contact us today to discuss short-term assistance or tailored support for your business.

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