

**IN THE COURT OF APPEAL OF TANZANIA
AT TANGA**

(CORAM: MZIRAY, J.A., MWAMBEGELE, J.A., And KEREFU, J.A.)

CIVIL APPEAL NO. 30 OF 2018

NATIONAL MICROFINANCE BANK APPELLANT

VERSUS

**1. LEILA MRINGO
2. YAHAYA JUMA NDAO
3. CROSSMAN GODFREY MAKERE } RESPONDENTS**

(Appeal from the Judgment of the High Court of Tanzania at Tanga)

(Mipawa, J.)

dated the 16th day of June, 2017

in

Revision No. 24 of 2015

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JUDGMENT OF THE COURT

10th February & 20th May, 2020

MWAMBEGELE, J.A.:

The three respondents were employees of the appellant bank working as bank clerks at Madaraka Branch in the now city of Tanga. They were terminated from employment on 21.12.2010. Irked, they successfully challenged their termination by filing a labour dispute with the Commission for Mediation and Arbitration (CMA). The CMA held that the appellant had valid reasons for terminating the respondents but did not follow the procedure prescribed by the law. It ordered the appellant bank to re-

engage them failure of which she was ordered to pay each respondent twelve months' salaries as compensation pursuant to section 40 (3) of the Employment and Labour Relations Act, Cap. 366 of the Revised Edition, 2009 (now 2019). We shall henceforth refer to this legislation as simply the ELRA. The CMA was quite explicit that it made the order in terms of section 40 (1) (b) of the ELRA and rule 32 (2) (d) of the Labour Institutions (Mediation and Arbitration Guidelines) Rules, 2007 - GN No. 67 of 2007.

The appellant was aggrieved by the decision of the CMA. She thus filed a revision in the Labour Division of the High Court to assail it. We shall elsewhere refer to the Labour Division of High Court as simply the High Court. The High Court held that the appellant had no valid reasons to terminate the respondents and that she followed the procedure prescribed by the law to terminate them. The High Court made matters worse for the appellant, for instead of granting the reliefs disjunctively, as the CMA did, it ordered them conjunctively. That is, it ordered reinstatement of the respondents as well as compensation of twelve months' salaries to each one of them for unfair termination. The High Court purported to act as such under section 40 (1) (c) of the ELRA.

The decision of the High Court irritated the appellant. She thus has come to this Court on the following three grounds of complaint; **one**, that the High Court erred in law by taking into consideration matters that were not in dispute for determination, **two**, that the High Court erred in law for improper interpretation of Rule 12 (with all subsections thereto) of the Employment and Labour Relations (Code of Good Practice) Rules, 2007 - GN No. 42 of 2007 (henceforth the Code of Good Practice) and, **three**, that the High Court erred in law by holding that the respondent should be reinstated and be paid compensation instead of one option of reliefs under section 40 (1) of the ELRA.

The appeal was argued before us on 10.02.2020 during which both parties were represented. While the appellant appeared through Mr. Paschal Kamala, learned advocate, Ms. Gladys Edes Tesha and Mr. Hekima Mwasipu, also learned advocates, joined forces to represent the three respondents. Counsel for both sides had earlier on filed their respective written submissions for or against the appeal which they sought to adopt as part of their respective oral submissions. At the hearing, they presented oral arguments to clarify their respective written submissions as required by rule 106 (10) (a) of the Court of Appeal Rules.

Relating to the first ground of appeal, Mr. Kamala submitted that the issue whether the appellant had fair reasons to terminate the respondents was not subject of revision before the High Court because it never surfaced before the CMA. He added that he was aware that the High Court considered substantive fairness by invoking its powers under rule 28 of the Labour Court Rules, 2007 but that in so doing, it did not adhere to the requirement under the proviso to that rule that is giving opportunity to be heard to the party likely to be adversely affected by such revision. He added that in terms of rule 25 (1) (b) of the Labour Institutions (Mediation and Arbitration Guidelines) Rules – GN No. 67 of 2007, the parties are required to prove their respective cases through evidence and witnesses who shall testify on oath and be cross-examined. That was not done in the case at hand and the appellant was denied the right to be heard on that issue raised *suo motu* by the High Court, he contended. Mr. Kamala cited **NAFCO v. Mulbadaw Village Council & others** [1985] T.L.R. 91 to drive home the point that a party has a right to prove its case even if the witnesses are in hundreds.

On the second ground of appeal, Mr. Kamala submitted that the High Court did not correctly interpret rule 12 of the Code of Good Practice. He

submitted that the nature of the job; the banking industry, needed a high degree of honesty, integrity, trust and confidence and thus every transaction by bank employees must be permeated with unqualified good faith. On this premise, he submitted, such dishonesty by the respondents could not be tolerated. The decision of the High Court in **NMB BANK PLC v. Andrew Aloyce**, Revision No. 1 of 2013 (unreported) was cited to buttress the point that dishonesty of a bank employee amounts to a grave misconduct. He cited several other cases to reinforce this point.

Regarding the third ground of appeal which faults the High Court ordering reinstatement of the appellant as well as compensating them instead of only one option under section 40 (1) of the ELRA, the learned counsel argued that the word "or" in the subsection means that any of the options in (a), (b) and (c) may be ordered. If Parliament intended that the word "or" in the section should be construed to mean "in addition to", it could have stated so in express terms, he argued. Mr. Kamala relied on section 2 (2) (a) of the Interpretation of Laws Act, Cap. 1 of the Revised Edition, 2002 (now 2019); henceforth the Interpretation Act, to reinforce the point that the Court must construe and interpret the provisions of law in a plain and ordinary meaning unless the context of the Act is

inconsistent with such application. He also referred us to the provisions of section 13 of the same Act to buttress the point that when the words “are”, “or” and “otherwise” are used, they should be construed as meaning disjunctively not conjunctively. The learned counsel argued that even though the respondent were not entitled to any relief under section 40 of the ELRA, the High Court made a fundamental error in awarding two reliefs simultaneously. In the premises, **Michael Kirobe Mwita v. AAA Drilling Manager** [2014] LCCD 1, relied upon by the High Court to grant reliefs conjunctively, was decided *per incuriam*, he contended.

Mr. Kamala did not stop there. He referred us to rule 32 (1) and (1) (a) and (b) of the Labour Institutions (Mediation and Arbitration Guidelines) Rules – GN No. 67 of 2007 which requires that an arbitrator shall not order reinstatement or re-engage where the circumstance surrounding the termination are such that a continued employment relationship would be intolerable or in circumstances where it is not reasonably practical for the employer to reinstate or re-engage the employee. He argued that the High Court did not consider the circumstances surrounding the termination of employment whether it was practical to reinstate the respondents. He argued that the appellant is

engaged in banking business which requires utmost good faith and confidence and thus trust and confidence were no longer between employer and employee as such reinstatement was not practical. He added that the appellant proved that the termination was fair as the respondents confessed to have committed the offence and that the procedure for termination was complied with to the letter.

The learned counsel finally submitted that the judgment of the High Court was erroneous as it was decided without due regard to the principles of labour laws and regulations. He thus prayed that the appeal be allowed with a declaration that the respondents were lawfully and properly terminated from employment.

For the respondent, Ms. Tesha took a lead role to clarify the written submissions in reply. She submitted that the High Court neither invoked its powers under rule 28 of the Labour Court Rules, 2007 by raising the issue of substantive fairness *suo motu* nor misdirected itself in considering matters not raised in the revision before it. She contended that even though the appellant's grounds for revision were based on challenging the arbitration award and the finding that the procedure for termination was flouted, proper consideration of those grounds called for consideration of

both fairness of reasons and procedure for termination. She submitted that the High Court was quite correct to take that path as it is permissible by rule 12 (b) (iv) of the Code of Good Practice; to consider the issue of consistent application of the sanction.

Regarding the second ground of appeal which is a complaint that the High Court improperly interpreted rule 12 of the Code of Good Practice, the learned counsel submitted that, given the nature of the appellant's business; banking business, termination was not the appropriate sanction to the respondents. She added that the respondents were terminated not for being dishonest and untrustworthy, but for negligence and misconduct. She thus argued that all the cases cited by the appellant's advocate on this ground were distinguishable because they were on dishonesty and lack of trust while the present case is one on gross negligence and misconduct.

As regards the third ground which faults the High Court for ordering both the reinstatement of the respondents and compensation, the learned advocate submitted that the decision of the High Court ordering reinstatement and compensation was proper in terms of section 40 (2) of the ELRA. Read in context, she submitted, section 13 of the Interpretation Act, lead to the meaning that section 40 (1) of the ELRA may not

necessarily be construed disjunctively bearing in mind subsection (2) of the same provision which uses the words "in addition".

In a brief rejoinder, Mr. Kamala submitted that had the High Court considered the evidence available at pp. 394, 398, 402, 444 and 474, it would have realised that termination of the respondents was not unfair as the respondents had already been warned. Regarding interpretation of the words "in addition" in section 40 (2) of the ELRA, he contended that they refer to entitlement of an employee under any other laws; they do not mean to refer to awarding compensation in addition to reinstatement.

We have given the submissions of counsel for both sides the serious consideration they deserve in the light of the entire record of appeal before us. Having so done, we are now set to determine the appeal, the ball now being in our court. We shall confront the grounds of appeal in the order they appear in the memorandum of appeal and in the manner they were argued by the trained minds for the parties. However, before going into the determination of the appeal in earnest, we feel pressed to remark at this very outset of determination that the learned counsel for the parties have injected a lot of industry to their written as well as oral submissions for or against the appeal. Each side argued its case so well and with

tenacity that we composed this judgment with ease. We commend the advocates for the parties for this good work well done which exhibits their calling to the bar. These learned counsel are truly officers of the court; an example to emulate.

We now advert to the determination of the appeal. The first ground of appeal seeks to fault the High Court for taking into consideration matters that were not in dispute. The kernel of complaint by the appellant under this arm is that the High Court raised on its own motion the issue of application of sanction consistently without affording the parties the right to be heard on it. On the other hand, the learned counsel for the respondents are firm that the High Court could not have determined the grounds of appeal before it without making reference to the issue whether the termination was fair. We have considered these rival submissions by the learned counsel for the parties. Indeed, the gist of complaint before the High Court was on the award and the procedural aspects of termination. However, as rightly put by the High Court at p. 14 of the record of appeal, the four grounds of appeal filed by the appellant herein made it inextricable to determine them without referring to substantive

fairness of termination. We will let the words of the learned Judge of the High Court paint the picture:

"... I have read the record of the Commission and paid due consideration to the submissions of both parties. For the purpose of determining the present revision grounds one to four of the applicant fall under substantive fairness and procedure fairness and to what reliefs the parties were entitled."

We think the learned Judge was quite in the right track to deal with the question of fairness of termination in the revision before him. While it is true that the issue was not discussed before the CMA, such lack of discussion was due to failure by the appellant to raise it which was her obligation as per section 39 of the ELRA which reads:

"In any proceedings concerning unfair termination of an employee by an employer, the employer shall prove that the termination is fair."

We agree with the respondents' counsel that section 39 reproduced above, has the effect of shifting the burden of proof of fair termination to the employer in any proceedings concerning unfair termination. In such cases, the employee's duty is simply to allege termination and that it was

unfair. In the circumstances, it would have been an abrogation of duty on the part of the High Court to sit back and close its eyes to that important aspect for determination of the parties' rights under the pretext that it had not been specifically raised by the appellant as a ground for revision. We find this ground of appeal wanting in merits. We dismiss it.

Second for determination is the complaint that the High Court did not properly interpret rule 12 (with all its sub-rules) of the Code of Good Practice. For ease of reference, we take the liberty to reproduce the rule:

"(1) Any employer, arbitrator or judge who is required to decide as to termination for misconduct is unfair shall consider:

a) Whether or not the employee contravened a rule or standard regulating conduct relating to employment;

(b) If the rule or standard was contravened whether or not:

(i) It is reasonable;

(ii) It is clear and unambiguous;

(iii) The employee was aware of it, or could reasonably be expected to have been aware of it;

(iv) It has been consistently applied by the employer; and

(v) *Termination is an appropriate sanction for contravening it.*

(2) *First offence of an employee shall not justify termination unless it is proved that the misconduct is so serious that it makes a continued employment relationship intolerable;*

(3) *The acts which may justify termination are:*

(a) *Gross dishonesty;*

(b) *Willful damage to property;*

(c) *Willful endangering the safety of others;*

(d) *Gross negligence*

(e) *Assault on a co -employee, supplier, customer or a member of the family of, any person associated with the employer; and*

(4) *In determining whether or not the termination is the appropriate sanction, the employer should consider*

(a) *The seriousness of the misconduct in the light of the nature of the Job and the circumstances in which it occurred, health and safety, and the likelihood of repetition; or*

(b) *The circumstances of the employee such as the employee's employment record, length of service, previous disciplinary record and personal circumstances.*

(5) The employer shall apply the sanction of termination consistently with the way in which it has been applied to the same and other employees in the past, and consistently as between two or more employees who commit same misconduct."

The crux of the complaint of the appellant is in the provisions of sub-rule (4) of the rule; the bolded text above. The learned High Court Judge addressed this point at some considerable length and detail. He traversed through cases and legislation in this jurisdiction and South Africa to which, he said, we heavily borrowed our labour laws and concluded at p. 24 of the record of appeal that:

"Now applying the above principle from the highly persuasive decision of the Highest Court of South Africa in labour matters the employee respondents amount of money alleged to have occasioned i.e. Tzs 191,000/= one hundred thousand ninety one for Leila Mringo, 82,000/= Tzs for Yahaya Ndao, eighty two thousand and 128,000/= one hundred twenty eight thousand shillings for Crossman Makere are not by and large a big amount of money.

*Regard must also be had to the fact that the employees occasioning loss of the money alleged by the employer was not done intentionally by the respondents employees. Furthermore the employees respondents confessed and asked to be pardoned. There was no evidence that the employees intentionally and malafide committed the errors, which do occur in the banking business. In my view the GRAVITY OF THE MISCONDUCT AND THE CIRCUMSTANCES OF THE INFRINGEMENT taking into account other factors or circumstances, (we will note later on in this judgment) the penalty or sanction of termination imposed by the employer applicant to the employees respondents was by and large TOO HARSH AND SEVERE A PENALTY. An oral or written warning on the infringement of the rule could have sufficed in the circumstances. Regard being had the **meagre** amount of money which the respondents occasioned loss."*

The learned Judge then discussed the provisions of rule 12 (4) (a) and (b) of the Code of good practice and went on:

"His regard to the employees' circumstances the employer could have also considered employees'

previous disciplinary record, employees age and personal circumstances of the employee.

In our instant case the employees have no record of disciplinary warnings or other penalty; it was their first offence on occasioning loss, unintentionally a normal in banking business. The age of the respondents employees who are nascent in Banking business young workers and hence a country's wealth as they expected to work for many years in the interest of the Bank and country at large."

It is undeniable that the business in which the respondents were engaged requires unqualified good faith as rightly put by Mr. Kamala. Acts that impair good faith such as dishonesty or deception may easily be construed as gross misconduct and warrant termination of employment. In the instant case, the issue from the very outset involved **lack of good faith as well as gross negligence and misconduct** (not gross misconduct). While Mr. Kamala's arguments on lack of good faith are in line with rule 12 of the Code of Good Practice, it appears to us that the learned High Court Judge made a thorough review of that rule and made a reasoned ruling on it; quite commendable an exercise. The learned High

Court Judge agreed that the actions indeed fell under the scope and purview of the offences charged as observed by the CMA but disagreed on account of the reasonableness of terminating the employees considering the other factors contained in Rule 12 (4) of the Code of Good Practice. The fact of the unreasonableness of termination cements the fact that the respondents were unfairly terminated. As the Court held in **Elia Kasalile & 20 others v. The Institute of Social Work**, Civil Appeal No. 145 of 2016 - [2018] TZCA 92 (at www.tanzlii.org), that the reason for termination being not fair or unreasonable amounts to unfair termination.

While subscribing to the finding of the High Court that the respondents confessed to have committed the offences, we do not think it was correct to find that the issues of dishonesty and deceit had been proven through admission by the respondents. We also do not consider as correct the general observation of the High Court that the respondents were first offenders who had not been warned before. If anything, our perusal of the record of appeal unveils that the respondents agreed to having occasioned loss but not to dishonesty or deceitful conduct. The perusal at pp. 394, 398, 402, 444 and 474 of the record also reveals that the second respondent was given a written warning for cash differences

(pp. 394, 398 and 402) and the third respondent was also warned for the same offence (pp. 444 and 474). As such, proof of dishonesty and deceit by appellants should have been found by the High Court to be wanting. Likewise, the finding that the respondents were first offenders was not correct in respect of the second and third respondents.

Save for the above trivial misdirections, we find nowhere else, on this point, to fault the learned trial High Court Judge on his finding. One of the respondents being a first offender, the amounts of losses involved in respect of each of the three respondents being modestly small and in terms of rule 12 of the Code of Good Practice reproduced above, termination of the respondents was, certainly, not justified. It was unfair. The second ground of appeal collapses as well.

We now turn to determine the third ground of appeal which seeks to assail the decision of the High Court awarding the respondents reinstatement and compensation. In awarding these reliefs conjunctively the High Court purported to act under section 40 (1) (a) and (c) of the ELRA and its previous decision in **Michael Kirobe Mwita v. AAA Drilling Manager** (supra). Mr. Kamala submitted that this case was decided *per*

incuriam. Having examined this decision in some considerable detail, we are settled in our mind that Mr. Kamala is right. We shall demonstrate.

First, on not awarding the reliefs disjunctively, **Michael Kirobe Mwita v. AAA Drilling Manager** (*supra*) relied on a South African case of **Amalgamated Beverages Industries (Pty) Ltd v. Jonker** (1993) 14 ILJ 1232 (LAC). That case interpreted section 46 (9) (c) of the Labour Relations Act of South Africa which, as the learned High Court put it, is *in pari materia* with our section 40 (1) (c) of the ELRA. We have read the South African case and the provision under reference. That provision is reproduced at p. 1254 of that judgment. Unlike the High Court, we do not think it is *in pari materia* with our section 40 (1) (c) of the ELRA. We will let the section speak for itself. Section 46 (9) (c) of the South African legislation, as reproduced at p. 1254 of the **Amalgamated Beverages Industries (Pty) Ltd v. Jonker** (*supra*) reads:

*"The industrial court shall as soon as possible after receipt of the reference in terms of paragraph (b), determine the dispute on such terms as it may deem reasonable, **including but not limited to the ordering of reinstatement or compensation**, and the provisions of sections 49,*

58, 62 and 71 shall mutatis mutandis apply in respect of any determination made in terms of this subsection insofar as such provisions can so be applied:

Provided that such determination may include any alleged unfair labour practice which is substantially contemplated by the referral to the industrial council or with the terms of reference of the conciliation board, determined in terms of section 35(3)(b).)

[Emphasis supplied].

Flowing from the above, it is apparent that the High Court's assertion in **Michael Kirobe Mwita v. AAA Drilling Manager** (supra) that section 46 (9) (c) of the South African Labour Relations Act is *in pari materia* with our section 40 (1) (c) of the ELRA is but barren of truth. What the South African case observed (at p. 1254) and which we think might have misled the learned trial Judge is that compensation in addition to reinstatement could be ordered in terms of section 46 (9) (c) of the Labour Relations Act. Interpreting the bolded expression in the quoted section above, the Judge of the South African Labour Court observed:

"Reinstatement or compensation in the section must be read conjunctively. The "or" is not disjunctive."

Much as we read askance the foregoing standpoint of the South African Court, the bottom line is what we have already stated above that the Judge in **Amalgamated Beverages Industries (Pty) Ltd v. Jonker** (supra) observing that the "or" in the provision is not disjunctive, he was interpreting a provision which is not *in pari materia* with our section 40 (1) (c) of the ELRA. **Michael Kirobe Mwita v. AAA Drilling Manager** (supra) was therefore decided *per incuriam*.

Secondly, in view of the clear provisions of the law and the Interpretation Act, we do not see any pressing need to borrow a leaf from other jurisdictions while such course of action conflicts with the local position.

We now turn to consider this section; section 40 (1) of the ELRA. For easy reference, we reproduce it hereunder:

"If an arbitrator or Labour Court finds a termination is unfair, the arbitrator or Court may order the employer-

(a) To reinstate the employee from the date the employee was terminated without loss of remuneration during the period that the employee

was absent from work due to the unfair termination; or

(b) To re-engage the employee on any terms that the arbitrator or Court may decide; or

(c) To pay compensation to the employee of not less than twelve months' remuneration."

As seen above, the paragraphs of sub-section (1) are separated by the conjunction "or". What does this entail? We find a resort to the provisions of section 13 of the Interpretation Act will provide an answer. We reproduce section 13 of the Interpretation Act hereunder for ease of reference:

"13. Disjunctive construction of "or"

In relation to a written law passed or made after the commencement of this Act, but subject to section 2 (4), "or", "other" and "otherwise" shall be construed disjunctively and not as implying similarity unless the word "similar" or some other word of like meaning is added."

[Emphasis ours].

For the avoidance of doubt, sub-section (4) of section 2 of the Interpretation Act provides:

"In sections 13, 15, 19, 20, 22, 23, 24, 33, 36(6), 43, 46, or 62 a reference to any Act, written law, enactment or subsidiary legislation passed or made after the commencement of this Act shall be construed so as not to include any enactment which continues or directly amends, but does not repeal entirely, the text of an existing written law."

In the light of the provisions of section 13 of the Interpretation Act reproduced above, we think it is beyond controversy that once "or", "other" and "otherwise" are used in a provision of the law, they shall be construed disjunctively. In the premises, the provisions of section 40 (1) (a), (b) and (c) of the ELRA which was enacted in 2004 after the coming into force of the Interpretation Act, must be construed disjunctively.

As good luck would have it, in the recent past, we traversed on this issue when faced with an identical argument in **National Microfinance Bank v. Victor Modest Banda**, Civil Appeal No. 29 of 2018 – [2020] TZCA 35 at www.tanzlii.org; a case whose facts and issues fall in all fours with the instant case. In the judgment we rendered as recently as 26.02.2020, we observed at p. 18 of the typed judgment:

*"We have as well observed that the learned Judge arrived at that conclusion by citing the decision of the High Court in **Michael Kirobe Mwita** (supra) which relied on the decision of the Labour Court of South Africa in **Almalgated Beverages Industries (Pty) v. Jonker** [1993] 14 ILJ 1232 (LAC). In our considered opinion, it was not proper for the learned Judge to import and rely on authorities from other jurisdictions, while the Interpretation Act is expressly, elaborate and clear on that aspect."*

Guided by the standpoint we took in **National Microfinance Bank v. Victor Modest Banda** (supra, we are firm that the High Court ought not to have resorted to the position in South Africa while our local legislation are self-sufficient.

We also agree with Mr. Kamala that the words "in addition to" used in section 40 (2) of the ELRA did not mean to refer to awarding compensation in addition to reinstatement, rather, it meant to refer to other entitlements of the employee under a different legislation or agreement; such as severance pay and payments agreed upon by the

employer and employee. The subsection did not mean to include remedies already specifically provided for as alternatives in subsection (1).

The subsection reads:

"An order for compensation made under this section shall be in addition to, and not a substitute for, any other amount to which the employee may be entitled in terms of any law or agreement."

We are settled in our mind that reinstatement or re-engagement or compensation in subsection (1) (a), (b) and (c) of section 40 of the ELRA must be read disjunctively. The "or" in the subsection is not conjunctive, it is disjunctive. That is perhaps why, in subsection (3) of the same section, it is provided that if the employer does not wish to reinstate or re-engage, then compensation should be paid. We thus agree with Mr. Kamala that by ordering reinstatement and compensation of twelve months' salaries conjunctively, the High Court fell into an error. It should have ordered disjunctively as the CMA did. The third ground of appeal succeeds partly; to the extent stated.

In the final analysis, we allow the appeal of the appellant bank to the extent stated. In consequence whereof, we set aside the order and decree

of the High Court granting the reliefs conjunctively. In substitution therefor, we order the appellant bank either to re-engage the respondents in their employment in terms of section 40 (1) (a) of the ELRA or, if she does not want to do so, to pay each respondent twelve months' salaries as dictated by section 40 (3) of the same Act. This being a labour-related matter, we make no order as to costs.

DATED at TANGA this 22nd day of April, 2020.

R. E. S. MZIRAY
JUSTICE OF APPEAL

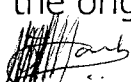
J. C. M. MWAMBEGELE
JUSTICE OF APPEAL

R. J. KEREFU
JUSTICE OF APPEAL

The judgment delivered this 20th day of May, 2020 in the absence the Appellant and in the presence of Mr. Yona Lucas holding brief of Hekima Mwasiku learned Advocate of the Respondents.

Is hereby certified as a true copy of the original.




F. J. KABWE
DEPUTY REGISTRAR
COURT OF APPEAL