



**MINISTRY: PUBLIC SERVICE AND ADMINISTRATION  
REPUBLIC OF SOUTH AFRICA**

**NATIONAL ASSEMBLY**

**QUESTION FOR WRITTEN REPLY**

**DATE: 11 FEBRUARY 2021**

**QUESTION NO.: 217**

**Dr M M Gondwe (DA) to ask the Minister of Public Service and Administration:**

- (1) (a) What total number of (i) employees applied for the Early Retirement Incentive of 2019 in each (aa) national and (bb) provincial government department, (ii) applications were approved and (iii) applications were not processed, (b) who took the decision to not process the applications and (c) was this decision taken in consultation with National Treasury;
- (2) Whether there are any plans to re-introduce the Early Retirement Incentive in the 2021-22 financial cycle; if not, why not; if so, what are the relevant details;
- (3) whether consideration has been given to simplify the process around the Early Retirement Incentive by removing the early retirement provisions for employees aged 55 to 60 across the board and simply incentivising the exit of older less productive employees; if not, what is the position in this regard; if so, what are the relevant details?

**NW220E**

**REPLY:**

Introduction:

The Centralised Early Retirement initiative in 2019 was considered in response to managing the wage bill as well as a need identified for employees wishing to exit the Public Service before the official retirement age. Eligible employees must have turned 55 but not yet 60 years of age, during the financial years 2019 to 2021. National Treasury was to be approached by departments for the provision of additional funding, in cases where departments could not pay the liability attached to early retirement, on behalf of eligible employees. This meant that an employee taking early retirement would be treated as if he/she would be retiring normally. As National Treasury was

providing funding for this initiative, the response to the question is based on the information supplied by National Treasury.

- (1)(a)(i) The number of applications, for early retirement, received by National Treasury for processing by December 2020 from both national and provincial departments was 5 289.
- (1)(a)(i)(aa) The available information is not disaggregated by departments or specific provinces. From the total number of applications for early retirement, 3 332 applications were from National Departments, and
- (1)(a)(i)(bb) 1957 applications were from the Provinces.
- (1)(a)(ii) 2 964 applications were recommended for funding and communicated to the respective national departments. Approval for early retirement vests with the relevant Executive Authority. The Technical Committee on Finance (TCF) decided that all applications from provincial departments be referred to the provincial Treasuries to process. The Applications from Provincial Departments were therefore processed and financed through the relevant provincial treasury.
- (1)(a)(iii) all eligible applications submitted for central funding were processed and feedback provided to the relevant national departments. Each Provincial Treasury processed applications for the respective province and has such information.
- (1)(b) no decision was taken not to process any eligible application made at the national level.
- (1)(c) refer to (1)(b) above.
- (2) Various measures are considered to better manage personnel expenditure in the Public Service. At this point in time there are no plans to re-introduce a centrally funded Early Retirement Incentive, similar to the incentive that applied in 2019. Early Retirement is regulated and is vested with the relevant Executive Authority. Nothing prohibits departments from encouraging their employees to take early retirement in terms of the current provisions. In August 2020, National Treasury issued *Guidelines for Costing and Budgeting for Compensation of Employees for the preparation of estimates of expenditure for the 2021 Medium Term Expenditure Framework (MTEF)*. The Guidelines encouraged departments to implement compensation containment measures, such as Early Retirement without penalisation, among others.
- (3) There is no evidence that older employees are necessarily less productive than younger employees or *vice versa*. Experience, institutional memory

and maturity are highly valued by employers. Incentivising exits, is therefore not a mutually exclusive process from considerations such as service delivery continuity, human resource planning, recruitment, utilization, development and retention.

The process of applying for early retirement is the same as applying for normal retirement with the additional consideration of penalties for early retirement. The Government Employees Pension Fund (GEPF) applies the same formula to both normal and early retirement. Any changes to the process may affect the Government Employees Pension Law and Rules as there is an adjustment factor applicable to early retirement.

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