



South African government set to retire public servants at 55

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SOUTH AFRICA: -

The South Africa government has set the ball rolling in its desperate bid to cut the public wage bill by giving workers aged between 55 and 60 until September to retire without pension penalties.

According to a local media outlet, guidelines for applying for early retirement have been released to thousands of public servants, that unions and workers have started mulling the offer, which became effective from April 1.

Teachers, police officers, prison warders, soldiers and intelligence service officers are among those targeted for penalty-free early retirements.

Reading the Budget Speech in February, Finance Minister Tito Mboweni announced plans to cut the national and provincial pay budgets by R27 billion over the next three years.

“The public wage bill is unsustainable. We must shift expenditure to investment,” Mboweni said in his speech.

But, in documents detailing the guidelines, the Department of Public Service and Administration (DPSA) blames the decision squarely on the 2018 wage settlement agreement with unions.

“In the recent 2019 Budget Speech, the minister of finance reiterated the measures that the government needs to put in place to assist with the growing budget deficit, which has accrued due to government expenditure on the 2018 wage settlement agreement,” said the DPSA’s document.

“During and post the 2018 wage negotiations, economic realities and financial pressures were discussed with organised labour.

“The purpose was to jointly explore the implementation of tangible measures to ensure that the budgetary ceiling is not exceeded, and that there is no negative impact on job security, as well as to ensure that departments continue to perform efficiently and effectively with regard to human resources management, within the current Medium Term Expenditure Framework and beyond, ” said the department.

Mboweni has availed the money for the early retirement scheme. “Pension expenditures incurred as a result of granting early retirement without pension penalties will be funded by National Treasury,” said the DPSA document.