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NNF 22 of 2025

24 July 2025

## EARLY RETIREMENT PROGRAMME (ERP) UPDATE

The Early Retirement Exit Programme (ERP), previously communicated in *NNF 8 and NNF 14 of 2025*, has now concluded following several rounds of consultation and engagement at the Public Service Coordinating Bargaining Council (PSCBC).

The employer had tabled a draft resolution during the consultation process. NAPTOSA and broader labour refused to sign the resolution, citing that the process did not align with the requirements of a negotiation process. Instead, it was **strictly a consultation process in terms of Section 16 of the Labour Relations Act (LRA)**, which places a duty on the employer to disclose all relevant information to employee representatives during **consultations**, especially in processes that may lead to dismissals or **voluntary exits**. In particular:

- ❖ *Section 16(c)* obliges the employer to disclose proposed severance pay.
- ❖ This disclosure ensures employees, or their representatives can engage meaningfully, understanding the rationale, alternatives considered, criteria applied, and the financial implications of the employer's proposals.

The consultation process officially concluded on 23 July 2025, with **the employer confirming that implementation will proceed** without a signed resolution, and with the following key assurances:

- **Voluntary Participation:** No employee will be forced into early retirement.
- **No Employee Will Be Left Worse Off:** This principle will guide all exits under the programme.
- **Transparency:** Continuous sharing of relevant information with labour, including lists of any so-called "ghost employees".
- **Application Scrutiny:** All applications will be subject to approval. There is no automatic qualification.
- **Calculations of Financial Incentives:**

Below are examples provided by the employer to illustrate how the **financial incentives** will be calculated:

**General Formula** – Two incentive options were illustrated:

a) **Two weeks' salary per year of service:**  
>  $(\text{Salary} \times \text{Years of Service}) \div 26$

b) **One week's salary per year of service:**  
>  $(\text{Salary} \times \text{Years of Service}) \div 52$

### Examples of Financial Incentives

- ❖ **Person A**
  - **Age:** 55
  - **Pensionable Service:** 15 years
  - **Pensionable Salary:** R617 622 (Level 10)

- **Incentive Calculation:**  
(R617 622 × 15) ÷ 26 = **R356 320.38**
  - **Total Incentive: R356 320.38**
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❖ **Person B**

- **Age:** 55
  - **Pensionable Service:** 30 years
  - **Pensionable Salary:** R617 622 (Level 10)
  - **Incentive Calculation:**
    - First 20 years: (R617 622 × 20) ÷ 26 = **R475 093.85**
    - Remaining 10 years: (R617 622 × 10) ÷ 52 = **R118 773.46**
  - **Total Incentive: R593 867.31**
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❖ **Person C**

- **Age:** 60–63
- **Pensionable Service:** 20 years
- **Pensionable Salary:** R617 622 (Level 10)
- **Incentive Calculation:**
  - First 10 years: (R617 622 × 10) ÷ 26 = **R237 546.92**
  - Remaining 10 years: (R617 622 × 10) ÷ 52 = **R118 773.48**
- **Total Incentive: R356 320.40**

**NB:**

- 🏠 **Employees aged 55–59**, the calculation applies a *two weeks' incentive for the first 20 years* of pensionable service, *plus one week for each year thereafter*.
- 🏠 **Employees aged 60–63**, the calculation applies a *two-week incentive for the first 10 years* of pensionable service and one week for the remaining years.

The employer has stated it remains open to engage with labour should further issues arise. NAPTOSA will continue to monitor the implementation and ensure members' rights are protected at every stage.

NAPTOSA remains committed to advocating for fair, transparent, and beneficial outcomes for all our members. We will continue to keep members informed and updated as further developments unfold.

**Mr BL Manuel**

**Executive Director**