

16. PUBLIC SERVICE PENSION

- 16.1 Pension is a privilege which has been earned by the work of an employee over the years. It is survival kit that an employee takes to cater for old age needs. Pension, therefore, is a source of income to retired employees. Pension derived by public sector employees refers to occupational pension and is earned over and above the Basic Retirement Pension (BRP) which is being catered for to all citizens attaining the age of 60, whereas the occupational pension is funded from both the employer and the employee contributions.
- 16.2 Pension derived from past occupation is a recognition of long and loyal service of employee and is rewarded in monetary terms, the computation of which, is on the basis of the number of years of pensionable service and the retiring salary of the employee. The Accountant-General is responsible for the computation of occupational pension for civil servants, while the State Insurance Company of Mauritius (SICOM) generally caters for employees of the Parastatal Bodies and Local Authorities.
- 16.3 In principle, in each general review of pay and grading structures, the average percentage of loss in purchasing power in between two reports, is compensated by way of salary increase. On this basis, the salaries Commissioner, Mr. D. Chessworth in his Report recommended that the pension of retired public officers be recomputed on the basis of revised pensionable emoluments of the relevant grade as from the date of implementation of new salaries. The same policy has, therefore, been adopted after each PRB review. Keeping in view the rationale of such recommendation, we are recommending accordingly.

Recommendation 1

- 16.4 **We recommend that pension of retired public officers should continue to be recomputed on the basis of the revised pensionable emoluments of the relevant grades as from 01 January 2016.**
- 16.5 **Where the pension of a pensioner, recomputed on the basis of the revised salary, works out to less than the pension in payment at 31 December 2015 together with the cost of living allowance payable as from 01 January 2016, where applicable, the pensioner should be allowed to continue to draw the pension he is drawing together with the cost of living allowance.**
- 16.6 **In the event a grade no longer exists but there are still pensioners who belonged to that grade, a hypothetical salary based on the nearest equivalent grade to be worked out by the Pay Research Bureau, should be used. It should be noted that the nearest equivalent grade should not necessarily be a grade in the same organisation.**

- 16.7 The above recommendations should also apply to pensioners of Parastatal and other Statutory Bodies and Local Authorities.**
- 16.8 With the advent of contributory pension scheme with defined benefits introduced in the 2008 PRB Report, the recommended salaries consisted of 6% representing the component for contribution and officers who did not opt to join the scheme were granted 92% of the recommended salary.
- 16.9 However, the pension of public service pensioners were computed on the basis of revised salaries inclusive of the 6% component.
- 16.10 Moreover, in the context of the 2013 Report, representations were received from public service pensioners who have retired since the last 10-15 years to the effect that they are drawing lesser quantum of pension than their counterparts who retired afterwards. This was due to our policy of elongation of salary scales with the initial salary downward extended to reflect market realities, or wherever there has been merger of grades. In this respect, the Bureau made appropriate recommendations to address the issue. We are maintaining these provisions in this Report.

Recommendation 2

- 16.11 We recommend that the pension of public service retirees who have retired from the service prior to 01 July 2003 be adjusted as from 01 January 2016, where applicable, by one additional increment on conversion subject to the top salary of the corresponding grades occupied by the retiree at the time of retirement**
- 16.12 This recommendation is not applicable in respect of officers drawing flat salaries.**
- 16.13 During consultations, it has been submitted that an officer who dies in service, his/her heirs receive only the gratuity, whereas the monthly pension that would have accrued to the officer had he not deceased while in office is not payable to his/her heirs despite the latter having contributed to the pension fund.
- 16.14 This situation causes much hardship and trouble to the bereaved family, especially in the case of a non-working wife with children under age.
- 16.15 We have examined the issue in-depth and we consider that the payment of a reduced pension for a period of one year following the death of the officer could be paid to the bereaved family taking into consideration the contribution made by the deceased to the pension fund and the number of years he devoted to serve the country. We are, therefore, recommending accordingly.

Recommendation 3

- 16.16** We recommend that Government considers the advisability of granting a commuted pension to the heirs of the officer who died while in service at a reduced rate for a period of one year.
- 16.17** The above recommendation will necessitate an amendment to be brought to the different Acts on Pension.
