

16. PUBLIC SERVICE PENSION

- 16.1 Pension provides an income to employees when they retire and is the most significant employee benefit. It is a valuable part of the total reward package of an employee. For our purpose, pension refers to occupational pension as distinct from the Basic Retirement Pension granted by the Ministry of Social Security, National Solidarity and Reform Institutions to all citizens of the Republic of Mauritius on attaining the age of 60. The occupational pension is funded both by the employer and the employee.
- 16.2 The occupational pension scheme demonstrates the state's concern about the long term interests of its employees who dedicated their careers to the public service. It is a security on retirement and the pension scheme remains the most important benefit to attract and retain high quality people in the Public Sector.
- 16.3 Prior to 1987, the pensions of retired public officers were not adjusted in the wake of a salary review. The pensioners were, however, compensated periodically for an increase in the cost of living. Following representations from pensioners after the publication of the 1987 PRB Report, Government set up a Committee to review the pensions of retired public officers. The Committee recommended a graduated increase ranging from 20% to 60% in the pension of all retired public officers. This recommendation was implemented. However, it was superseded in 1988 by the recommendation made by the Salaries Commissioner, Mr. D. Chesworth in his Report for the pensions of retired officers to be recomputed on the basis of the revised pensionable emoluments of the relevant grades as from the date of implementation of the new salaries. Since then, the same policy has been adopted after each general salary review.

Recommendation 1

- 16.4 We recommend that pensions of retired public officers should be recomputed on the basis of the revised pensionable emoluments of the relevant grades as from 01 January 2013.**
- 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 2012 together with the cost of living allowance payable as from 01 January 2013, 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.

Representations from Pensioners

16.8 Public Service pensioners who have retired since the last 10-15 years have made representations to the effect that they are drawing a lesser quantum of pensions, (in some instances more than 10 to 15%) than their counterparts who have retired recently. They contend that they have given the best part of their life to the Public Service and demand that their pension should be adjusted according to that of their juniors who retired much later.

16.9 With the elongation of the salary scales in the public service, in successive reports, the top salary of a given post as it stood some 10 to 15 years back is now 4 to 6 incremental points less than the new top salary of the same post. Pension is computed on the salary drawn at the time of retirement. The adoption of this policy has brought some disparity in the quantum of pensions of retirees over the years.

16.10 The salaries provided in the 2008 Report consist a 6% component for contribution to the new pension scheme recommended in the same Report. Officers who did not wish to join the new scheme were granted 92% of the salary recommended in our last Report.

16.11 However, the pensions of public service pensioners were computed on the basis of revised salaries inclusive of the 6% component representing the contribution to new pension schemes which represents in itself an amount equivalent to two increments. Therefore the pensions of pensioners have invariably been increased upward by around three per cent in the wake of the 2008 PRB Report.

16.12 We have examined the representations made by the pensioners at length, and consider that there is a case for some additional adjustment in the pensions of the older generation of public service pensioners and we are making some provision to this effect.

16.13 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 2013, wherever applicable, by one additional increment on conversion subject to the top salary of the corresponding grade occupied by the retiree at the time of retirement.

16.14 This recommendation is not applicable in respect of officers drawing flat salaries.
