

14. PUBLIC SERVICE PENSION

- 14.1 Pension is a way of saving for the retirement of an employee. Both the employer and the employee contribute towards the pension with the employer usually covering the largest percentage of contributions. When the employee retires, he is paid an annuity calculated by the terms of the pension, as compensation for past employment.
- 14.2 In addition to the Basic Retirement Pension (BRP) paid to all citizens on attaining the age of 60 years, retired public sector employees draw occupational pension which is a source of income to them.
- 14.3 The computation of pension derived from past occupation of a public officer is based on the number of years of pensionable service and the retiring salary, that is, the last salary drawn by 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.
- 14.4 Generally, in the wake of an overall review exercise, the average percentage of loss in purchasing power in between two Reports is compensated by way of an increase in salary. After each salary review exercise, the pension of retired public officers is recomputed on the basis of the revised pensionable emoluments of the relevant grades as from the date of implementation of new salaries. In the light of the foregoing, the ensuing recommendations should continue to be in force.

Recommendation 1

14.5 We recommend that:

- (i) 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 2021;**
- (ii) 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 2020 inclusive of any cost of living allowance that may be payable as from 01 January 2021, the pensioner should be allowed to continue to draw the pension he is drawing together with the cost of living allowance, where applicable; and**
- (iii) 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.**

- 14.6 The above recommendations should also apply to pensioners of Parastatal and other Statutory Bodies and Local Authorities.**

- 14.7 The retirement benefits of officers who have retired/shall retire during the period 01 January 2021 to 31 December 2021 should, except for the commuted lump sum, be computed on the basis of the converted salaries effective from 01 January 2021. Exceptionally, the commuted lump sum of the officers concerned should be computed on the converted salaries of 01 January 2022 as provided in row 4 of the Master Salary Conversion Table.**

Death of an Officer while in the service

- 14.8 In the context of the 2016 PRB Report, the Bureau recommended 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, subject to necessary amendment to be brought to the different Acts on Pension.
- 14.9 We have been informed that the above recommendation could not be implemented by the Ministry of Finance, Economic Planning and Development (MOFEPD) due to certain implications. Since on the death of a public officer, the heirs currently benefit from death gratuity, a one-off funeral grant, among others, the MOFEPD views that consideration may be given to refund to the heirs of an officer who dies in service, the officers' share of contribution. Taking into consideration the contribution made by the deceased towards his pension and the number of years he devoted in service, the Bureau concurs with the views of the MOFEPD and we are recommending accordingly.

Recommendation 2

- 14.10 We recommend that when an officer dies while in the service, the MOFEPD considers the advisability of refunding the heirs of the deceased, the latter's share of contribution.**
- 14.11 We also recommend that in case of implementation of the above recommendation, the MOFEPD should initiate necessary procedures to amend the Pensions Act.**
