



Parliament of Sint Maarten

Staten van Sint Maarten

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National Ordinance amending the National Ordinance on Pension for civil servants, amending the National Ordinance age limit civil servants, and repealing the Long-term Allowance regulation pensioners 1943 (National Ordinance revision pension civil servants)

**Report
No. 5**

Parliament in its meeting of the Central Committee has exchanged views with the Government on the draft National Ordinance amending the National Ordinance on Pension for civil servants, amending the National Ordinance age limit civil servants, and repealing the Long-term Allowance regulation pensioners 1943 (National Ordinance revision pension civil servants).

Parliament considers the present draft to be adequately prepared when the questions below are answered in time for the public meeting so that the draft can be discussed in a public meeting.

The United Democrats-faction has taken note of the draft with interest. The faction mentions that we should consider that the pension age in the Netherlands is 67 years, but that it was gradually increased from 65 to 67, unlike what we are doing now taking it from 62 straight to 65. Also, the faction believes that in Curacao it has been 65 for a couple of years now. And of course, giving the financial situation that the Country and APS is in at the moment, this is a decent proposal.

The faction would like to know if account is taken for people with hard labor professions? Persons in cleaning jobs, persons in construction, uniformed forces, can their body actually carry that length of time? How would they be able to benefit from their pension? Is this rise in pension age for the working sector on Sint Maarten or only for civil servants? If so, how does the raising of

the pension age for civil servants affect the general working sector in Sint Maarten? How does this rise in the pension age take into account the physically demanding professions? If one would become a teacher at the age of 20, would we want our teachers to be standing in front of a classroom for 45 years? How would a teacher be allowed to retire and have their full salary after 20 or 30 years? How does this rise in the pension age relate to the bezoldiging? How will this benefit the police officers that are currently fighting for their correct placement and life insurance? In the former Netherlands Antilles, the country used a winding down phase, where for example the civil servants as they were leading up to retirement age they got to work a half day before they got to that age. The faction would like to know if there is any provision in this legislation for such? Was this analyzed, and if it is not there is there a specific reason why we did not take that over as well? How many civil servants does Government expect to go on pension in the next 2, 5 and 10 years? How many civil servants or persons on contract refuse to pay into the pension fund? Is it mandatory or do they have an option? What is the exact amount of police officers, firefighters, immigration officers, and ambulance personnel that is currently not registered in the pension fund?

How is the vision for investment for APS, when an enormous amount of money now will be invested in the National Hospital that will never be a money making a machine for the country and community that it serves? What is the absolute amount of the debt that the Government owes to APS? How does the Government intend to tackle this problem in the future to help out with this debt that APS is in need of? In the presentation other changes are mentioned for widows and orphans, what are the other changes that could be expected in the future?

Can the Prime Minister and the Government indicate to us where the general pension review for the country of Sint Maarten stands? Where are we at this time with respect to a general pension scheme that is not the old age pension that we know today? The increase of the age will also affect other laws. How does Government plan to make sure that all of the laws that refer to the pension age of 60, and possibly 62, are amended as well? What are some of the consequences that Government foresees in amending other laws that until now go out from the premise of 60 years? Can the Government provide us with an overview of the civil service in terms of those persons in the civil service as such, those persons on contract, the age brackets of persons working for Government? How many persons working for Government approaching or having approached the pension age have requested to be

maintained in service via a contract? And how many of these are already operating under those conditions? Can Government provide us with an update on the functional review of the entire apparatus of Government? Are there any preliminary results available from this functional review?

The faction would like to know at what point will the pension fund be able to pay pensions if measures are not taken? Can I be provided with a study of the social, economic impact if the pension age is not increased? What will the impact be on the pension fund? Is the pension age increase responsible for youth unemployment? Why can't senior citizens qualify for a loan when they go on pension? Can I have a projection of the annual pension over the next 10 years with or without the age increase? What is the annual revenue generated by the Dutch pension fund in the Netherlands? When the pension age was raised in 2016, that was transitional, and the initial proposal was to increase it to 65, is this correct? What is the retirement age in Aruba, Curacao, Bonaire, Saba, Statia, Anguilla, St. Kitts and in the region? At what point are we not going to increase the pension age anymore and find and seek other solutions in order for those pension funds to generate a decent income to sustain the pension age? What will the impact be if these increases are not made?

Please focus in on the people and the civil servants in our next session. What does it do for the persons involved? Have we made any progress on the preparations or the studies pertaining to a general pension scheme? The effects of this change on other laws. When and how will they be adjusted when this law is changed? How can these laws be automatically adjusted? It is important to look at the numbers of the persons requesting to be allowed to continue beyond their pension age. The faction is of the opinion that some type of functional review would be suitable for Governments own information. The fact remains that right now there are many positions within government to be filled. How can we with the limited resources we have that we can find some way to build our Human Resources? The faction would like the Government to think of a way to enlighten the population and the civil servants, also in addition to what the union has done and will be doing.

The Sint Maarten Christian Party-faction has taken note of the draft and is of the opinion that this is something that we have to do at this point. The faction would like to know what is the average pension payout for civil servants? Can we get a breakdown of the APS participants based on age brackets? Why have the widows and ex-spouse pension been removed?

The premium that Government pays will go down from 25% to 18%. The faction believes that this is being done because the age is being increased. However, the faction would like to know if there are any other factors factored into that? Is it that Government can't afford to pay the 25% that it is then being reduced to 18%?

Before 1998 civil servants were not mandated to be part of a pension fund. In listening to the average payout of APS, does that factor into what persons get a pension? What are the consequences of not having this law? The faction believes that it is imperative for the Government to start to educate people in general as to the value of having a pension.

The National Alliance-faction has taken note of the draft national ordinance. The faction indicates that the indexing of Government salary scales have a direct impact on the pension that one can receive. When is the last time that Government indexed the salary scales? Will they scale be indexed retroactively? How will the proposed changes to the calculation of the pension impact employees in the lower income brackets? Will Government cover the AOV premiums for those civil servants who decide to use the VUT regulation? What is the current funding ratio of APS? Will APS be able to cover their pension liabilities in the coming 5 to 10 years as Government has been non-compliant in its payments to APS?

With the removal of the ex-partner entitlement of widowers pension, what will happen to the accrued pension of the ex-partner? What will happen to the accumulated benefit of the civil servant when he/she passes away just before pension age or just after attaining pension age? Where will those benefits go? Who will get that money if they do not have any children? Has the workgroup thought of other alternatives where civil servants can have another income, where that income is less complicated and more accessible after attaining the pension age?

How does APS feel to make a return on their investment from a hospital that is not geared toward making a profit?

The faction understands the needs for a sustainable pension fund. The faction would like to know what is meant with ex-spouses. What is their current benefit now? What percentage of people falls within this category and what does this amount to exactly? What kind of savings is being made here? What is the union's position on the change from end pay to average pay? What, from a workers perspective, is positive about this change?

What option is there for those who got the option to retire at 60 or 62 despite the change of this law? The VUT, the cut in pension is it something they agree to ahead of time before applying for it? Is it actually in use now? And will it be applicable once the new law is put into effect? And when one takes early retirement, what is then the proposal? What do they get to choose from ?

How does this law affect civil servants that are out sick or working half days? Will those type of civil servants be asked to take early retirement? By extending the age of retirement aren't we exacerbating the number of unemployed as youth unemployment is already the highest in the land? More and more professionals find it difficult to find work in their area of study. If our civil service is graying and we continue to perpetuate, how can we expect the innovations that we need right now in this country, that is supposed to be growing? How much is this steadily increasing pension age regulation influencing youth unemployment and brain drain?

The faction would like to know if the Prime Minister had a discussion with the Minister of Finance concerning how Government is going to pay back APS and when? How were these discussions? Were there any viable concrete solutions coming out of these discussions, especially seeing that we are now dealing with budget deficits for a projected amount of years? Did he indicate a timeline? Is this law based on our social life expectancy or the islands in the Dutch Caribbean or the Netherlands? And if it was based on the local life expectancy, where did this data come from?

The faction would like to know based on current data, when do we see the retirement age increasing again, and at what age would that be? If we were to change the ratio to allow APS to invest more out of Sint Maarten and it increases by 10%, would this then be an opportunity to slow down the increasing of the retirement age? What actions can APS take outside of increasing the retirement age?

If a civil servant is entitled to an increment, but it only goes in to effect 3 years from now, will their pension be calculated retroactively?

What is the concrete plan in terms of paying up our debts? The faction would like more clarity on the possibilities for change pertaining to the orphans and widows pension. What are the possibilities to make future changes to the disability pension? Per union what are their views on this draft law and do they see it as a benefit for our civil servants? We have a lot of civil servants that are waiting for the right scale and payouts. How do they fit into this law change? Have their concerns been taken into consideration in terms of the deadline for this law to be established?

Did the unions get the support from their members for this proposed change? Are the members in agreement to this proposed change? What are the criteria to buy in years? How do our salary scales compare to other parts of the Kingdom?

What were some of the effects on the workers and pensioners as well as Government in the Caribbean parts of the Kingdom, with the change? Positive and negative.

Is it possible to make the law optional for civil servants to decide if they want to go home at 62 or not?

Is it clear how many persons and how many jobs will not be available with this change in the next 3 years? It was indicated that certainly within 3 years fewer jobs will turn over. Doesn't Government see this as a serious issue in terms of providing necessary employment for the younger generation?

How much check is being made on the type of investments being made? Are we looking at improving the solvency through better investments? Have we seen an increase in better investment over the past few years and can that then be an indication as to not only going towards the civil servants to work longer? Are persons, who are willing and now being forced, able to work longer? Can Government not ascertain from its civil service how many

persons currently are working below the 100% level? Is Government doing its due diligence in dealing with the regulations as it pertains to those type of workers?

What other options for jobs within the organization are available for cleaners when they cannot clean anymore?

What is the reason that no other areas have been addressed to continue to find solutions to the solvency of the fund? What are the possibilities for getting more data and information before we have to take a vote on this that we can get a better and clearer picture as to the real impacts on society by this second rise of the pension age within the past 2 years?

What was the input from the different unions? Yes, people are still living longer, but are they healthy? We are increasing the pension from 62 to 65, but that doesn't mean that the individual that are working are in the best state to continue to work. The faction would like to see an option within the law that allows the members that are 62 or making 62 in the next year to have an option to opt out at 62, 63, 64 or 65. Is this a possibility? Is there a plan to tackle the increase in pension age with the learning curve technology and innovation? Has Government looked into these areas also?

Will this law affect the workers of the Post Office? Will their pension age be raised to 65 as well? If yes, what will happen to those that were laid off? How will this influence their pension? Are they working in the meanwhile? What will happen to their years of service that they put into the Post Office? Will this be transferred into the civil service or will they get a payout and then it starts over fresh as a new job? What will happen with their years?

How many civil servants were part of the focus group mentioned and was this a proper sample size to have the accurate sentiments of the civil servants?

The United St. Maarten Party-faction has taken note of the draft with interest. The faction notes that the concept of pension itself has seen challenges around the world. This has also been presented in the presentation today. The faction would like to know, looking at the law and the explanatory notes, there is a lot of calculations, what is the

macroeconomic potential of people working an extra three years? Have we looked at any sort of social, economic issues that may arise? Is this going to create fewer opportunities for young people to enter the civil service? Have we also looked at, throughout that transition period from 62 to 65, is there any sort of understudy or planning being done for a transition in that person's position within the civil service? Are we looking at an understudy system that will make for a smooth transition?

What are we doing about the uncertainties in investments? Do we have any sort of plans to prevent the Government from falling behind in payments in the future? Does anything in this law result in a more realistic livable pension? We need a clear idea of what people are being paid as a pension, how this is being calculated. Would the faction like a range of the lowest pension in Government and the highest pension being received? How is it possible that someone who is retired is collecting a pension and that the pension is below the minimum wage? Does this law address any of these particular issues?

The situation of the levels of the premiums. The lowest pension amount is at Nafl. 33, 25. The highest been 10.928,00. We need to see a better idea of what the lowest 100 earn, what the median 300 earns and what the top 100 earns. That would give us a more realistic picture of what is really happening with a pension. People on the lowest end of the scales of Government, which represent a substantial number of workers between scale 2 and scale 5, what is their pensions project to be based on 5 years, 10 years, and 15 years of service?

Can we get an insight and an idea of what the discussions are looking like pertaining to the settling of the debt that the Government has?

Do the Prime Minister and her team believe that there are no socioeconomic impacts as a result of reforming the pension system of the largest employer in this country? Do we believe that there are no socioeconomic impacts? If the answer is no, then please explain why you believe that? And if the answer is yes, what would be the reasons for not doing any form of analysis, for example consulting the SER or even doing an independent study, as to what the potential socioeconomic impacts can be?

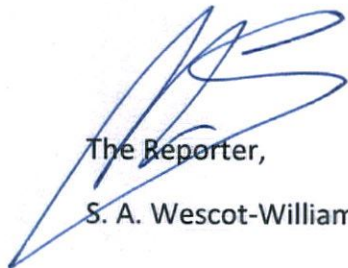
When was the answer from the APS received pertaining to APS believing that the investment by APS in the hospital is a viable one? Is this an up to date answer? Can we get a little bit more solution-oriented pertaining to raising the age?

Does the local pensioner get rent subsidy? Does the local pensioner get guaranteed study financing for tertiary education as long as their child is a citizen? Are all the roads up to date? Is there a good transportation infrastructure? Do our civil servants get free transportation cards upon hitting the retirement age? Are pensioners in Sint Maarten entitled and eligible for social housing specifically for retirees and pensioners? We have to look at Sint Maarten's realistic situation and base the law and the amendments to the law on that and that alone.

The referral in the answers to a study that was done. Is it possible to get access to the overall study, as Members of Parliament, to see how the unions came to the conclusions that they did? Can we get summarized information of how the average pay really works, perhaps by presenting a few scenarios? What is the difference between the current system and moving to an average pay/ middle loan system? What is the impact of the average pay?

This report is to be considered the Final Report.

It is stipulated in the meeting of the Central Committee of December 13th, 2018.



The Reporter,
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