ORAL ANSWER TO QUESTION

PENSIONS REFORMS - WIDOWS, INVALIDS ETC.

The Leader of the Opposition (Dr. N. Ramgoolam) (By Private Notice) asked the Minister of Social Security, National Solidarity and Senior Citizen Welfare & Reform Institutions whether, in regard to the targeting of -

(a) pensions for widows, invalids and orphans and

(b) subsidy on SC/HSC examination fees,

he will state -

(i) if the affluence test will be voluntary or mandatory;

(ii) the exact modalities to differentiate it from a means test;

(iii) how he will ensure that recipients are not subjected to intrusive checks, and

(iv) if he has been apprised of the humiliating experience of benefits targeting of the 1950's Poor Law and, if so, what measures he will take to avoid same.

Mr Lauthan: Mr Speaker, Sir, with regard to the targeting of –

(a) pensions for widows, invalids and orphans, and

(b) subsidy on SC/HSC examination fees,

I wish to point out that as announced in the Budget Speech, the effective date will be January 2005.

Mr Speaker, Sir, allow me to point out that the hon. Leader of Opposition is coming with a second PNQ which is in substance similar to
that of Tuesday last. I, therefore, at the very outset, wish to reiterate the points I made on Tuesday last.

The hon. Leader of Opposition is well aware of the huge amount of work involved regarding the preparation of the Budget as well as the implementation of these budgetary measures. Let me seize this opportunity, Mr Speaker, Sir, to pay tribute to all those civil servants behind such a huge task, particularly those at the Ministry of Finance.

This bold Government decision to proceed with the targeting of basic pensions is in line with the philosophy of a caring Government. Government is fully conscious that the need to address the present system of pensions payment with a view to ensuring that such an important pillar of our welfare system be financially sustainable for the years to come as well as more equitable has become urgent. The measures announced do not only ensure that this objective is met, but it also strengthens the bars on which this pillar rests. In fact, Mr Speaker, Sir, this Government is proposing measures to consolidate the very foundation of the Welfare State in spite of what people has been saying, namely, that we are dismantling the Welfare State.

Mr Speaker, Sir, it is pertinent to underline, at this stage, that the work concerning pension reform is not recent. It started as far back as 1994 when the then Minister of Social Security headed a tripartite delegation to visit four countries, namely England, Germany, Italy and Sweden. Under the Primeministership of the hon. Leader of Opposition, a report was commissioned from Alan Walters. This Government, an action-oriented Government which fully assumes its duty of responsibility, and intent on leaving a positive legacy to its children, is taking these measures. The present Government has therefore expedited matters by instituting a Task Force on Pension Reforms under which four implementation working groups have been set up.

The same approach has been adopted with regard to (b) after careful analysis and motivated by an urge to avoid waste and make the best use of resources, taking into consideration the following factors such as equity, fairness, sustainability, affordability and social acceptability of the pension system.
The hon. Leader of Opposition will no doubt agree that implementing such measures necessitate the proper set-up and mechanism. Reckoning with the facts that there needs to be some fine-tuning for the administration and implementation of the announced measures, the effective date, *en connaissance de cause*, has been announced as at 01 October 2004 for basic retirement pension, and 01 January 2005 for other basic pensions.

**Dr. Ramgoolam:** Mr Speaker, Sir, the hon. Minister says that this is action oriented, but he forgets that since the Budget of 2002-03, this is being discussed. How is it that he cannot even tell us what method he is going to use? He is saying that he is going to target 18 October 2004. In fact, I asked that question, because I thought the Minister has had time to consult and would be able to inform the House. But apparently, that is not the case.

**Mr Lauthan:** Mr Speaker, Sir, later on, during my intervention on the Budget, I will speak on it. The measures announced were continuously followed up. The Prime Minister who was then the Minister of Finance said in his very first Budget that it was not an isolated Budget. It was Budget in a continuum over five years. The time that we had consultation, experts whom you know are quite difficult to find; and there have been various sub-committees on the allocation of the various pensions, now we are determined to go forward.

Mr Speaker, Sir, we cannot implement this measure overnight. The Leader of the Opposition will surely remember that in 1976 the decision to render education free was announced on the eve of the election without any planning at all.

*(Interruptions)*

**Dr. Ramgoolam:** Mr Speaker, Sir, I will object to what the Minister is saying, because planning was done. I am quite aware of that. There is no point, he is misleading the House.

*(Interruptions)*

**Mr Speaker:** Order! I do not think the hon. Leader of the Opposition can rise and say whatever he wants. I think what the Minister was saying is out of context and it was not warranted. If the Minister is going to say
things which are not relevant to the question of the Leader of the Opposition rises, then, I have to stop the Minister if he goes away from the question.

**Mr Lauthan:** With due respect, Mr Speaker, Sir, I am trying to show that we plan beforehand. We give ourselves some seven months, up to January 2005, to plan, fine tune and to implement. The decision to make education fee was announced just for electoral purposes! We should not forget the *‘quatre jours à Paris’!* It was the same thing!

*(Interruptions)*

No! It is the same thing!

*(Interruptions)*

**Mr Speaker:** Order, please! Order! Hon. Dr. Boolell, please! I am calling you to order. Hon. Minister, please limit yourself to the question. Don’t go so far back in history – 25 years, 30 years. We will never finish.

**Mr Lauthan:** Mr Speaker, Sir, I stick to my original answer, that is, this is normal Budget implementation procedure. I said it on Tuesday and I repeat it again. The technical officers from the Ministry of Finance and from my Ministry are working on the modalities. The Opposition can take us to task by January 2005 if we are not ready.

**Dr. Ramgoolam:** It sounds more like paralysis than continuation. These are measures that have been announced. The Minister is supposed to have had dialogue. The Budget is not prepared one day before it is presented. There are consultations. So, the Minister cannot even tell us anything about implementation. That is what I want to know.

**Mr Lauthan:** It will be worked out by the technical staff, Mr Speaker, Sir. The hon. Leader of the Opposition, who has been Prime Minister, knows that in a Budget Speech only policy decisions are announced. Then, these are worked out, fine-tuned and implemented later on.

**Dr. Ramgoolam:** Is the Minister aware that, last year, about 25 measures that had been announced have not been implemented?
Mr Speaker: Order, please! Hon. Dr. David! Hon. Leader of the Opposition, please! I have asked the Minister not to go away from the main question. I will also ask the Leader of the Opposition to limit himself to the question he has put.

Mr Lauthan: If we have to take the parameters of the hon. Leader of the Opposition, saying that so many measures…

Mr Speaker: You should not go into that again.

Dr. Ramgoolam: I am going to ask the Minister whether he is prepared to answer any question at all! Otherwise, we won’t ask any question!

Mr Lauthan: I have said it last Tuesday, and I am saying it again. I cannot go into details, because the fine-tuning is being done by the committee. So, I cannot give any more details.

Dr. Ramgoolam: Can the Minister say, for example, whether it would be voluntary or mandatory?

Mr Lauthan: Mr Speaker, Sir, I can just mention what is being practised elsewhere. The question is being…

The principle is that, those who think that they earn more than Rs20,000, they will simply be invited not to apply. Those who are below the Rs20,000 will come and fill in the required form.

Dr. Ramgoolam: Mr Speaker, Sir, for me, it appears to be a waste of time. The Minister knows nothing. He cannot even answer basic things about something that has been projected to start in October, this year. The Minister cannot even say whether it would be mandatory or voluntary.
He cannot say, because it has not been worked out! So, what’s the point of asking questions if the Minister cannot reply? That’s what I am saying.

**Mr Speaker:** I think the hon. Minister will have to be consistent with himself. You have said that you cannot answer right now, because the fine-tuning and the mechanism are being worked out. So, when you are asked questions, you don’t have to come and say what is happening in other countries! You have to say what is happening here! If you cannot answer that, fair enough!

**Mr Lauthan:** He insisted. He is wasting the time of the House, because he has come with a second PNQ on the same subject.

*(Interruptions)*

Mr Speaker: Next item!