

Session S 608

The economics of the elderly in Mauritius 2002 - 2022

Introduction

Mauritius has had one of the swiftest demographic transitions in the world with population growth rates declining from 3.12 % between 1952 and 1962 to less than 1 % between 1983 and 1990. This decline has had a dramatic impact on the population age structure. The percentage of population above 60 years has increased gradually from around 8.3% in 1990 to 9 % in 2002 and will increase to about 17 % of total population by 2022. This would mean that while in the 2000s, the ratio of working age population to dependants was 7:1, the ratio will decline to 3:1 over the next decade. The impact of this change is examined in terms of the (i) economy, (ii) health and social security and pensions, (iii) living arrangements, and (iv) gender. The economic and pensions aspects are crucial as welfare provisions constitute almost 20 % of the total national budget.

Definition of the elderly

In Mauritius, elderly refers to those over 60 years of age. This is the age for retirement in the public and private sectors. And all those over 60 years and with a yearly income of less than US\$ 8160 are eligible to a non-contributory, monthly state pension of US\$ 58, which is about 50% of the minimum wage



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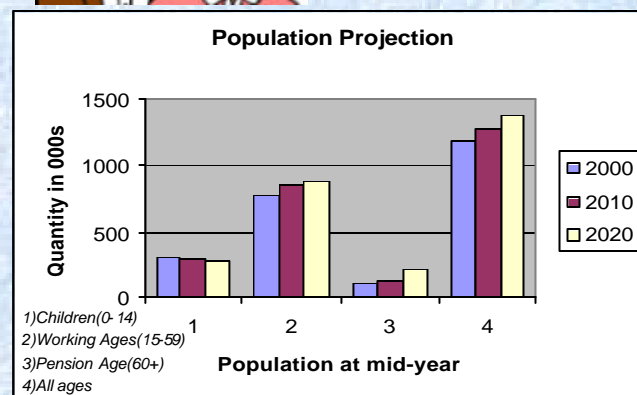


Table 1

Economy

Mauritius had a serious unemployment problem between 1960 and 1980 because of the influx of the working age population arising from the post II World War 'baby boomers'. The unemployment problem was only solved with the success of the export manufacturing strategy (EPS) based on garments and textile, adopted in the 1970's leading to full employment being attained in the early 1990's. Unemployment levels have risen again as the EPS sector is being priced out by intense competition from cheaper producers. Employment creation will take centre stage and will be dependant on transforming the island into a 'knowledge hub' and Information Technology(IT) centre. There could be less prospects for the older generation who lack the skills required for the emerging sectors to participate in an economic activity, without considerable retraining.

Pensions and other social security/ transfer payments for the elderly

Projected expenditure on basic pensions, 2000-2020

Year ending 30 June	2000	2005	2010	2015	2020
Basic (non-contributory) pensions					
Retirement pension ¹	2,358	2,567	3,081	3,856	4,708
Widow's pension ¹	451	541	613	655	677
Invalidity pension	417	552	600	626	638
Orphan's pension and guardians allowance	11	13	12	12	12
Immune's allowance	3	2	2	2	3
Total basic pensions	3,240	3,675	4,308	5,151	6,038

Source: Govt. Actuary Dept. London, Actuarial Review, 2000c

Table 2

Gender

The excess of females over males of 15,100 in 2000 will increase to 23,750 in 2020. From constituting 10% of total population in 2002, females will constitute 18% of the total population by 2022 as compared to males whose share will increase from 8% to 16%. This is very important for the social and psychological relations and environment.

Employment levels among the elderly is low - 20 % for men and only 4% for women. The majority of the men and about a quarter of elderly women is retired. The above figures raise several issues pertaining to poverty among /affecting elderly women. Firstly, as women tend to live longer than men, the difference in life expectation being around 4 years, an increasing number of women are forced to live anything from four to 20 years alone or with their children. The last census (1990) figures show that of the 49,000 women who are 60+ years, 42,000 live with their children or family (86%) and only 4,900 live alone (10%). The number of women living in institutions is low. Of the 39,000 men in the 60 + age bracket, only 1,700 or 0.5 % were living alone. The marriage rate is high around 90 % and the divorce rate is less than 1 % in Mauritius. As the average Female Labour Force Participation rate is estimated at around 42 %, around 60 % of women devote their entire lives to the bearing, caring and rearing of children and home making. For the majority of these women who have never worked, their future income levels in old age could be derisory.

While old age pensions date back to the British period (1950), the National Pensions Fund was introduced in 1978 and provides for the payment of (i) non -contributory pensions, (ii) contributory pensions for those who have paid contributions and which are earnings - related, and (iii) 'industrial injury pensions'. The financial implications of the changes in age structure of the population are, *inter alia* (i) increases in future expenditure on contributory pensions, and (ii) because the effective cost of supporting pensions at any one point will depend on the economically active population at that time, intergenerational transfer of wealth from the working population to the pensioner population will become significant after 2020.

For the elderly, transfer income is the major source of revenue based on data from the average monthly income of the elderly, by source of income (Republic of Mauritius, 1996/97 Household Budget Survey of the Central Statistical Office, published in the economic and social indicators 1999)

Based on their income alone (excluding transfer payment) elderly women but not men would fall into the 'Lowest 20 % by level of income'. Excluding Transfer payments, which constitute 76.7 % of the Elderly female average monthly income, their main source of income is (Rs. 61) from wages. Poverty is higher among elderly women than men and women depend disproportionately on transfer payments as their main source of income. The income that women have access to excluding transfer payments of Rs. 142 would put them in the 'lowest 20 % quintile'. If transfer payments are included their income rises to Rs. 1,941.

Living Arrangements and Health

Studies and the Population census undertaken in 2000 provide data of the living arrangements of the elderly most of whom live with the family. This is expected to change as household size has been declining from 4.8 in 1983 4.4 in 1990 and 3.88 in 2000. Whether old people live with their children or not it has transpired from a study done on 'Work and Family' that of those surveyed 50 % and 30 % respectively indicated that the babies and children were looked after by the grand parents.

In terms of health, the life expectancy has reached 74 years for women and 67 years for men and is expected to reach 72 for men and 79 for women by 2020. As the population ages, the crude death rate is expected to rise from the current 6.9 per thousand to nearer 7.6 per thousand by 2020. The disease pattern and morbidity levels are already changing with cancer, cardiovascular and other diseases related to live style are the main causes of death. The cost of providing health care to the aging population will increase from the current level of around 10 % of the national recurrent budget.