RESUMPTION OF ZIMBABWE GOVERNMENT PENSION PAYMENTS

The payment to former government-employed pensioners outside Zimbabwe on 9 February 2012 broke a nine years drought. But it was only a shower.

Account holders with the Standard Bank of South Africa are the first to receive payments in what the Director of Pensions, Mr Sylvester Mnkandla, describes as a “trial run” or pilot scheme. These payments represent the amount of pension accumulated between March 2009 and December 2011. Any pension earned between March 2003 and March 2009, when the Zimbabwe dollar was replaced by the US dollar, was apparently totally wiped out through hyper-inflation.

Only pensioners who had submitted an application for reinstatement of their pension, through the Flame Lily Foundation (FLF), are eligible. However, there are several anomalies in the initial payments, which are based on a percentage of the average taxable income for the current rank or grade which the pensioner held upon retirement. (Length of service is no longer relevant.) Some Standard Bank account holders who submitted their applications through the FLF have received nothing. This should not have happened, as every application submitted to the Pensions Office in Harare by the FLF has been captured, according to Mr Mnkandla.

Amounts paid to Standard Bank account holders, made known to the FLF by recipients, range from R38,000 (department head) to R4,880 (R3,000 in the case of an incentive scheme pensioner).

The amounts paid are very confusing, as no pensioners have received a statement to indicate what their entitlement is. Mr Mnkandla said that monthly statements will be sent some time in the future but postage would be very expensive for the Pensions Office, considering the number of pensioners resident in South Africa and Europe. (The FLF has offered to post statements to pensioners in South Africa.)

No indication has been given as to when regular pension payments will commence, or the frequency of payments.

Mr Mnkandla declined to provide the FLF with categories of pensioners and how their entitlements are calculated. He did say that he would like to know whose payments seem to be below their rank or grade on retirement. The address to write to is as follows:

The Director of Pensions
Mr S.J. Mnkandla
PO Box CY 397
Causeway
Zimbabwe

Provide your rank or grade on retirement, as well as the amount paid into your Standard Bank account.

The same applies to pensioners banking with Standard who have not received any payment since 9 February 2012, provided they submitted their forms through the FLF before December 2011.

Unfortunately, pensioners banking with other banks in South Africa will have to wait for their pensions backlog until the Pensions Office has reviewed the trial run, and has determined the most favourable way to remit pensions to them. The Pensions Office has asked the major banks in South Africa to confirm each pensioner’s account details before payments are made. The FLF has been told by an official in the ABSA Head Office that they will not accept bulk amounts for redistribution to individual account holders. Nor will they “divulge clients details to anyone but the account holder or to someone who has Power of Attorney”.

Pensioners in countries other than South Africa have been sending their applications to the Overseas Service Pensioners Association (OSPA) in the UK, for onward transmission to Harare. These pensions will only be remitted after payment of pensions in South Africa.

Based on answers from the Director of Pensions to FAQs (frequently asked questions) submitted to him by John Redfern, Honorary Secretary of the Flame Lily Foundation.

20 March 2012
FREQUENTLY ASKED QUESTIONS AND ANSWERS ABOUT THE RESUMPTION OF PENSION PAYMENTS.

1. Are these payments to Standard Bank account holders pension arrears only, or are some monthly entitlements?

Answer: Payments made to Standard Bank's pensioners are arrears. Monthly pensions will follow.

2. Should ALL pensioners with Standard Bank accounts, who submitted their applications, have been paid?

Answer: No, only those whose details had been captured and their accounts confirmed were paid. All details have been captured. If there are some pensioners whose details were forwarded to us giving South African [Standard] bank details and they have not been paid, please let me know. They were all supposed to be paid.

3. Does the initial payment include all pension arrears dating back to March 2009 when Zimbabwe converted to US dollars, or will the arrears be paid in tranches?

Answer: Payments are for arrears in full for the period March 2009 to December 2011.

4. What period is covered by the deposits/payments paid to Standard Bank account holders from February 2012?

Answer: From March 2009 to December 2011.

5. Assuming that payments made from 9 February 2012 are arrears only, please explain why a man who retired as Commissioner of Taxes with about forty years service (including Federation) received R4,880 as did the Air Force Chief of Staff, whilst another senior official of similar grade/rank received almost R38,000 in his Standard Bank account?

Answer: We will have to deal with this one separately at some point because of the number of categories of pensioners and how their entitlements are calculated. Please provide us with details of the individuals concerned i.e. Commissioner of Taxes and Airforce Chief of Staff.

6. Are regular monthly/quarterly payments going to follow and, if so, when and on which day of the month can we expect to receive our regular pension?

Answer: Regular monthly payments will follow. We are yet to decide on the frequency of remittances.

7. Will the Pensions Office send each pensioner a statement indicating for what period the first payment covered and the amount of pension due each month?

Answer: Monthly statements will sent some time in the future. It's a costly exercise as statements will be sent to each pensioner. Postage would be very expensive for us considering the number of pensioners resident in South Africa and Europe. But a way could be worked out to communicate with them through yourselves as one of the alternative methods.

8. Will bank statements indicate the period covered for future payments?

Answer: Yes, statements will show period covered.

9. Will pensions be paid monthly in future? If not, how regularly will they be paid?

Answer: We are yet to decide on the frequency of remittances.
10. What measures, if any, has the Director of Pensions put in place to advise pensioners of what pension they are to receive, and will be receiving?

**Answer:** We will send payslips once the payment issues have been resolved.

11. What is the procedure for people who took early retirement in terms of the incentive scheme? Will they receive the "full" pension after reaching retirement age (60 years)? If not, from which date will these pensions go up to "full" pension? Has this been taken into account in calculating incentive pensioners' back-pay and future payments?

**Answer:** Those who had served for 25 years and those who were above the age of 50 at the time of retirement will get a full pension upon reaching the age of 60 years.

12. What policy and procedure has been applied to determine the amount of pension due to each pensioner?

**Answer:** There is no policy. Monthly pensions have been accumulating over the years. These are the ones that are being paid out.

13. If the calculation of pension is based on a fixed percentage of the current salary of the equivalent civil servant, will there be an increase in pensions when there is an increase in salaries?

**Answer:** There is an adjustment each time there is a review of salaries of serving members.

14. As the process of alignment structures has changed, what is the appeal process for objections to alignments?

**Answer:** Any appeals should be directed to the Director of Pensions. He will deal with each and every case.

15. What is the position re income tax? On what basis, if any will, PAYE be deducted?

**Answer:** Normal tax laws apply as pensions are treated as income to recipient.

16. To what address can we send any queries that arise regarding our pensions?

**Answer:** Forward correspondence to PO Box CY 397, Causeway, Harare, Zimbabwe.

17. Certain persons, resident in SA, have sent forms showing overseas banks rather than SA banks into which their pension payments should be made. In such instances, will these individuals be placed with pensioners from overseas to receive attention later?

**Answer:** At the moment we are dealing with those using South African banks. Later on we will move on to overseas pensioners. So those with overseas bank accounts are not yet being paid.

18. Federal pensioners are being successfully paid through Crown Agents Bank; why does the Pensions Office not follow the same procedure?

**Answer:** We are exploring various methods of paying our pensioners. In doing so, issues of cost, efficiency are considered. We have not closed our doors to Crown Agents.