

**Report to the Federal Parliament:
Follow-up audit of the OSSOM/DOSZ**

In its report to the Federal Parliament, the Belgian Court of Audit examined what action has been taken following its audit (published in February 2006) on the social security scheme as managed by the Overseas Social Security Office (OSSOM/DOSZ). The audit analysed what measures were taken, especially in the retirement sector. In March 2010, a special commissioner was appointed to see to the implementation of the Court's remarks, in cooperation with the OSSOM/DOSZ.

The original aim of the overseas social security scheme was to ensure the social welfare cover of Belgian citizens engaged in a career overseas. This scheme was also applicable to foreigners working in companies that employed Belgian workers. At the time of the initial audit (report 2006), every person, irrespective of his/her nationality, with a professional occupation outside the European Economic Area was eligible for this optional social security scheme which the OSSOM/DOSZ had managed since the sixties. With time this scheme was turned into a funded pension scheme without assets aimed to cover the actuarial reserves. This scheme was funded by the State, which awards every year a grant equal to the difference between revenue and expenditure.

In its initial audit, the Court had made several recommendations, the aim of which was mainly to restrict the scheme's scope and revise the pension calculation modalities in order to reduce the State's financial burden. In their joint reply of 3 February 2006, both the minister for Social Affairs and the minister of Pensions said they were going along with all the Court's recommendations and had announced the appointment of a special commissioner responsible for analysing and reforming the OSSOM/DOSZ.

The follow-up audit carried out in 2009 (and published in 2010) showed that measures had been taken in order to meet the Court's recommendations for reducing the State's contribution to the scheme. The ministerial pledge was realized with the coming into force of legal provisions that have deeply changed the overseas social security scheme.

And so, its scope has become restricted with non-Europeans only eligible if employed in a company whose registered office is in Belgium. The State contribution to the pension retirement sector has been reduced through an interest rate decrease and the abolition of the readjustment arrangements of the contribution to the cost of living in the calculation of the pension. As regards health care, systematic checks of the insurability conditions extended to all official insured persons have allowed to cut down the State contribution. Besides, the OSSOM/DOZS has decided that, in the future, it would no longer conclude individual health care contracts (the so-called "900,000 contracts") that would not be in accordance with the law for the insured persons who do not meet the ordinary health care insurance requirements.

It should be pointed out though that no analysis has yet been made of the scheme's adequacy to the European regulations on free competition.

Besides, there remains an inequality between the beneficiaries with a continued insurance and those with a "900,000 contract". These contracts are residual so that the OSSOM/DOZS does not find it useful to change this. Nevertheless, the Court takes the view that in an equity perspective this type of contracts should be modified in a way that only the National Office for Social Security's rate should be applied to health care refunds.

In addition, the Court noticed that the OSSOM/DOZS is still governed by the first administration contract signed with the Belgian State (in 2003-2006), which was extended until 31 December 2009.

On 25 March 2010 the Council of Ministers approved a draft Royal Decree appointing a special commissioner to the OSSOM responsible for reforming this social security scheme and seeing to the implementation of the Court's remarks.

The full report, the summary and the press release can be found on the Court of Audit's website (www.rekenhof.be).