

BILLS SUPPLEMENT

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Bill No. 1

Parliamentary Pensions Bill

2006

THE PARLIAMENTARY PENSIONS BILL, 2006.

MEMORANDUM.

The object of this Bill is to make provision for the establishment of a Contributory Pensions Scheme for Members of Parliament (MPs). The scheme envisages the creation of a Fund to be known as the "Parliamentary Pensions Fund" into which MPs will contribute five per cent of their monthly basic salary. The Government will match this five percent contribution by contributing ten percent of each MP's basic salary into the Fund.

The objective of the Pensions Fund are, among other things, to collect the contributions of Members and the Government and ensure the grant of reasonable retirement benefits to Members of Parliament.

Part I of the Bill (incorporating clauses 1, 2 and 3), deals with preliminary matters such as the proposed Act's commencement date, interpretation of words and expressions used in the Bill and the persons to whom the Bill applies.

Part II of the Bill (incorporating clause 4 to clause 10) provides for, among other things, the establishment of the Parliamentary Pensions Scheme, the Parliamentary Pensions Fund, membership of the Scheme and objectives of the Fund.

Part III of the Bill (incorporating clause 11 to clause 16), contains, among other things, detailed provisions regarding what constitutes pensionable service, eligibility or qualifications for the grant of retirement benefits from the Pensions Fund, deferment of payment of retirement benefits and retirement on health grounds.

Part IV (incorporating clauses 17, 18 and 19), which deals with the management of the Pensions Scheme and the Pensions Fund provides for, among other things, the establishment of a Board of Trustees responsible for management and control of the Scheme and the Fund.

Part V of the Bill (incorporating clauses 20, 21, 22, 23 and 24) deals with miscellaneous matters such as the obligation of the Government to guarantee the solvency of the Scheme during the short and medium term; auditing of the accounts of the Fund by the Auditor General; the requirement to conduct an actuarial review of the Scheme and the Fund every five years; the power of the Parliamentary Commission to prescribe regulations for the effective implementation of this proposed Act, and the obligation of the Board of Trustees to submit an Annual Report to Parliament within four months after the expiration of every Financial Year.

HON. HENRY MUGANWA KAJURA,
Minister of Public Service.

ARRANGEMENT OF CLAUSES

Clause.

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Clause.

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A Bill for an Act

ENTITLED

THE PARLIAMENTARY PENSIONS ACT, 2006.

AN Act to make provision for a contributory pension scheme for Members of Parliament; to establish a Parliamentary Pensions Fund for the payment or granting of pensions or retirement benefits to Members of Parliament; and to provide for other related matters.

BE IT ENACTED by Parliament as follows:

PART I—PRELIMINARY.

1. Commencement

This Act shall be deemed to have come into force on the 1st day of July, 2005.

2. Interpretation

In this Act, unless the context otherwise requires—

“Board” means the Board of Trustees established under section 17;

“Fund” means the Parliamentary Pensions Fund established under section 8;

“Member” means a Member of Parliament contributing to the Fund;

“Parliamentary Commission” means the Parliamentary Commission established by and under the Administration of Parliament Act, Cap. 257;

“pensionable service” means service as a Member beginning from the 2nd day of July, 2001;

“pensioner” means a person receiving pension under this Act;

“pensionable emolument” means basic salary, excluding any allowance or gratuity;

“retirement” means retirement as, or ceasing to be, a Member after a period of ten continuous years of service as a Member and on attainment of forty five years of age;

“Scheme” means the pension scheme established under section 4.

3. Application

This Act shall apply to any person who, on the date of commencement of this Act, was a Member of Parliament, whether as an elected Member or an *ex-officio* Member.

PART II—ESTABLISHMENT OF PENSIONS SCHEME AND PENSIONS FUND.

4. Establishment of Scheme

(1) There is established a pension scheme, to be known as “the Parliamentary Pension Scheme”.

(2) The Scheme shall be a contributory scheme under which both Members of Parliament and the Government shall make contributions to the Fund in accordance with section 6.

5. Membership of the Scheme

(1) Membership of the Scheme shall consist of all Members of Parliament, whether elected or *ex-officio*, except that any Member who is also a Vice President shall not be a Member of the Scheme.

(2) Any Member who is subsequently appointed as Vice President shall withdraw from the Scheme and shall be entitled to a refund under section 13 (1).

(3) All Members of the 7th Parliament shall, on the date of commencement of this Act, be deemed to have joined the Scheme.

(4) For the purposes of this section, "7th Parliament" means the Parliament whose members took and subscribed to the Oath of Allegiance and the Oath of a Member of Parliament, as specified in the Fourth Schedule to the Constitution, after the general elections held in 2001.

6. Contributions to the Scheme

(1) There shall be a deduction from each monthly payment of the pensionable emolument made to a Member, a sum calculated at the rate of five per cent of the pensionable emolument.

(2) Government contribution to the Scheme shall be calculated at the rate of ten percent of the monthly pensionable emolument paid of each Member, or at a rate determined to guarantee the solvency of the Scheme as provided for under section 20.

(3) Where for any reason the appropriate deduction is not made from a Member's pensionable emolument within any month, there shall be deducted from any other monies payable to a Member, an amount equal to the relevant deduction as if such monies were pensionable emoluments.

(4) Except as otherwise expressly provided for in this Act, no deduction made under this section or any part of that deduction shall be refunded to a Member.

(5) The Board shall maintain an individual account for each Member to which all contributions made by each Member under this section shall be credited, and from which there shall be paid all individual benefits under this section in respect of each Member.

7. Deductions not assignable, etc.

Subject to the provisions of this Act, no deductions made under this Act shall be assignable or transferable or liable to be attached, sequestered or levied upon for, or in respect of, any debt or claim.

8. Parliamentary Pensions Fund

There is established a fund to be known as “the Parliamentary Pensions Fund” for the purposes of the pension scheme referred to in section 4.

9. Objectives of the Fund

The objectives of the Fund are to—

- (a) collect contributions of Members;
- (b) ensure the grant of reasonable retirement benefits to Members;
- (c) optimise returns of investment on Members’ contributions; and
- (d) maintain the long-term solvency and sustainability of the Scheme.

10. Contributions to paid into Fund

(1) Contributions deducted from Members’ emoluments and Government contribution under section 6, shall be paid into the Fund.

(2) Government contribution to the Fund shall be charged on and payable out of the Consolidated Fund without further appropriation other than this section.

(3) The Government shall, in addition to the contribution made under section 6, contribute the initial liability of the Fund resulting from any pensionable service.

PART III—PENSIONABLE SERVICE AND RETIREMENT BENEFITS.**11. Pensionable service**

(1) Except as otherwise provided under this Act, only continuous service as a Member shall be taken into account as pensionable service.

(2) Any question as to whether a Member's service is or has been continuous or not shall be determined by the Speaker of Parliament.

12. Retirement benefits for former Members

(1) Benefits shall be paid to a Member who retires or ceases to be a Member on or after the attaining forty five years of age, subject to service as a Member for a continuous period of ten years or more.

(2) The benefits payable to a Member shall be the balance in the Member's account at the date of his or her retirement or ceasing to be a Member.

(3) Payment of benefits shall be made by way of lump-sums and annuities administered by the Board.

(4) The Parliamentary Commission shall, in consultation with the Board, issue regulations to implement subsections (1), (2) and (3) of this section.

13. Refund of contributions

(1) A Member who retires or ceases to be a Member whose age is less than forty five years, and has had less than ten years of pensionable service, shall be entitled to a refund of the member's contributions together with the contribution made by the Government on his or her behalf calculated with interest.

(2) Any person who ceases to be a member of the Scheme other than under subsection (1) shall be entitled to a refund of the contributions made by him or her with interest.

(3) For purposes of this Act, a person who ceases to be a Member in consequence of the dissolution of Parliament, or in consequence of a court order relating to any election petition, shall be deemed to continue to be a Member until such time as he or she fails to be re-elected to Parliament.

14. Deferment of payment of benefits

(1) Notwithstanding the provision of subsection (1) of section 13, a Member whose membership ceases before he or she attains the age of forty five years, but whose pensionable service is ten years or more, may leave his or her contribution in the Scheme as deferred benefits until he or she attains the age of forty five years.

(2) A former Member who opts for deferred benefits under subsection (1) shall, on attaining the age of forty five years, be entitled to his or her benefits including accrued interest.

15. Retirement on health grounds

Where a Member retires or ceases to be a Member by reason of ill health and the Board is satisfied, on the basis of a report of the Medical Board appointed by the Director General of Medical Services, that there is no reasonable possibility of the Member becoming fit to be an active Member again, the Member shall be paid—

- (a) where the Member has had ten or more years of pensionable service, benefits under section 12 notwithstanding that he or she has not attained the age of forty five years; or
- (b) where the Member has less than ten years of pensionable service, a refund of the Member's contributions together with the contribution made by the Government on his or her behalf calculated with interest.

16. Death of Member before retirement

Where a Member dies, his or her spouse or children shall be paid a refund of the Member's contributions together with the contribution made by the Government on his or her behalf calculated with interest at a rate determined by the Board.

PART IV—MANAGEMENT OF THE SCHEME AND FUND

17. Establishment of Board of Trustees

(1) There is established a Parliamentary Pension Scheme Board of Trustees consisting of—

- (a) the Chairperson of the Parliamentary Committee on the Economy, who shall be the Chairperson of the Board;
- (b) the Minister of Finance;
- (c) three elected back-bench Commissioners;
- (d) two members of Parliament elected by members of Parliament.

(2) The Clerk to Parliament shall be the Secretary to the Board and Chief Executive of the Fund.

(3) The Board shall be responsible for the management and control of the Scheme and Fund and shall appoint a professional Fund Manager who will be responsible for investment of the Members' contributions and other monies of the Fund.

18. Expenses of management of Fund, etc

(1) The expenses for management and administration of the Scheme and the Fund shall be borne by the Fund.

(2) The Parliamentary Commission shall be responsible for the set-up costs of managing the Scheme and the Fund.

19. Meetings of the Board

(1) The Board shall meet—

(a) at least once in four months at such time and place as the Chairperson may determine; or

(b) upon a request in writing to the Chairperson by at least three members of the Board.

(2) The quorum of the Board shall be five members of the Board.

(3) Subject to the provisions of this Act, the Board may regulate its own procedure at its meetings.

(4) The decisions of the Board shall be by simple majority.

PART V—MISCELLANEOUS

20. Government guarantee

The Government shall, during the short and medium term, guarantee the solvency of the Scheme for any payment that may be required under it.

21. Auditing of accounts

All accounts of the Scheme shall be audited by the Auditor-General or an Auditor appointed by him or her, at least once in a Financial Year.

22. Actuarial review

(1) Once in every five years, or at such other times as the Board may determine, an actuary appointed by the Board shall review the performance and operations of the Scheme and the Fund and make appropriate recommendations to the Parliamentary Commission.

(2) A report made under subsection (1) shall be laid before Parliament within two months after it has been made.

23. Regulations

(1) The Parliamentary Commission may, by statutory instrument, make regulations for the effective implementation of this Act.

(2) Any statutory instrument made under this section shall be laid before Parliament and Parliament shall pronounce itself on the statutory instrument by way of a Resolution, within twenty one days from the date on which it is so laid.

24. Annual report

The Board shall, within four months after the expiration of each Financial Year, submit to Parliament an Annual Report containing—

- (a) the audited accounts of the Fund;
- (b) the status of the Scheme and a statement of the Investments of the Fund; and
- (c) any other information Parliament may require.