

BILLS SUPPLEMENT

to The Uganda Gazette No. 43, Volume CXV, dated 18th July, 2022

Printed by UPPC, Entebbe, by Order of the Government.

Bill No. 17 *Parliamentary Pensions (Amendment) Bill* **2022**

THE PARLIAMENTARY PENSIONS (AMENDMENT)
BILL, 2022

MEMORANDUM



Object

The object of this Bill is to amend the Parliamentary Pensions Act, 2007 to;

1. replace the requirement for a recommendation of the Uganda Medical Board with a recommendation from a medical practitioner approved by the Board, in cases where;
 - (a) a member or pensioner seeks to use a proportion of their benefits for medical treatment, or
 - (b) a member retires early on medical grounds.
2. increase the rate of contribution made by the members from fifteen percent to twenty percent;
3. exclude the application of the laws on succession to a member or pensioner's death benefits;

4. repeal the application of the vesting scale in regard to the proportion contributed by Government towards a member's benefit upon early retirement by the member;
5. make the Clerk to Parliament an ex-officio member of the Board with no right to vote;
6. provide for the appointment and functions of the Chief Operations Manager and other staff of the Scheme;
7. permit benefits of untraceable members to be deposited on the Reserve Account of the Scheme;
8. provide for the option of receiving a pension rather than a lump sum payment in cases where a member who is not eligible for pension elects to do so;
9. establish a post-retirement Medical Fund to which contributions are made and from which the costs of medical benefits for members during retirement will be met;
10. empower the Board of Trustees to determine and implement the investment policy of the Scheme;
11. enable the former Speaker or Deputy Speaker of Parliament who are alive to obtain the benefits provided under Part IVA of the Parliamentary Pensions Act, 2007, Act No. 6 of 2007; and
12. provide for dependents of a former Speaker or Deputy Speaker to access the retirement benefits of the former Speaker or Deputy Speaker.

Defects in the existing law

1. The process of obtaining a recommendation from the Uganda

Medical Board is lengthy and cumbersome. This affects members' or pensioners' easy access to funds for medical treatment or retirement on medical grounds.

2. The distribution of death benefits recognized by the succession law in most cases conflicts with the member's nomination especially in cases where the nominee is neither the spouse nor dependent. In such circumstances, deciding on who qualifies to receive the benefits especially where a member has fully distributed the Scheme credit by nomination proves a challenge; the Bill seeks to provide clarity on the matter.
3. The Act penalizes early retirement through forfeiture of the Government contribution assigned to a member. This is contrary to best practice in the pension sector, the Bill seeks to immediately vest in the member the benefits derived from contributions made by the Member and Government.
4. The Clerk to Parliament is a member of the Board of Trustees with voting rights and at the same time Secretary to the Board and Principal Signatory of the Accounts of the Scheme. This arrangement creates a fusion of the governing Board with management of the Scheme which creates governance conflicts and has attracted audit queries. The Bill seeks to follow best Corporate governance practices and make the Clerk a Board Member with no voting rights;
5. The Act does not expressly provide for the administration of the Scheme. The Bill seeks to provide for the position of the Chief Operations Manager and his or her responsibilities as well as the other staff of the Scheme.
6. The Scheme faces challenges dealing with benefits of untraceable members. The Bill seeks to authorize the benefits of untraceable members to be deposited on the Reserve Account of the Scheme.

7. One of the biggest challenges of a pensioner is the ability to meet his or her medical costs. The bill therefore seeks to establish a Post-retirement Medical Fund into which members may voluntarily contribute and deposit into monthly contributions which shall be used to access medical care upon retirement.
8. Currently the Act only allows a person who retires or ceases to be a member upon the attainment of forty five years and has continuously served for a period of ten years to be entitled to pension, however, due to the increase in the Scheme credit, it is now tenable that a member who is forty five years and above and has served for a continuous period of five years may elect to be paid his or her pension.

PROVISIONS OF THE BILL

CLAUSE 1 seeks to amend section 2 of the principal Act by inserting the definition of “medical practitioner”

CLAUSE 2 seeks to amend section 6 of the principal Act to increase the rate of contribution made by the members from fifteen to twenty percent.

CLAUSE 3 seeks to provide member with the opportunity to make additional voluntary contributions into the parliamentary Post-Retirement Medical Fund.

CLAUSE 4 seeks to amend section 7B of the principal Act by replacing the requirement for a recommendation of the Uganda Medical Board’s recommendation with that of a medical practitioner approved by the Board.

CLAUSE 5 seeks to amend section 12 of the principal Act to give a member entitled to a refund the option of receiving a pension rather

than a lump sum payment.

CLAUSE 6 seeks to amend section 13 of the Principal Act by repealing the vesting scale in regard to the proportion contributed by Government towards a member's benefit upon early retirement by the member.

CLAUSE 7 seeks to amend section 15 of the principal Act by substituting for the requirement of a recommendation by the Uganda Medical Board for early retirement of members in pensionable service with that of a medical practitioner approved by the Board to make it faster for members to access their benefits.

CLAUSE 8 seeks to amend the principal Act by substituting sections 16 and 16A to empower the Board to distribute the death benefits of a member or pensioner accordance with the nomination made by the member or pensioner.

CLAUSE 9 seeks to insert a new section in the principal Act to establish a Parliamentary Post-Retirement Medical Fund into which members may voluntarily make additional contributions.

CLAUSE 10 seeks to amend section 18 of the Principal Act to make the Clerk to Parliament an ex-officio member of the Board, provide for a requirement for representation of women on the Board and also provide for the Board to carry out its functions notwithstanding any vacancy in its membership.

CLAUSE 11 seeks to substitute section 18A of the principal Act by removing ambiguity in the powers of the Board.

CLAUSE 12 seeks to amend section 18 by providing for the appointment and the functions of the Chief Operations Manager of the Scheme and other staff of the Scheme.

CLAUSE 13 provides for benefits of untraceable members, two years from the time they are due to be paid into the reserve account.

CLAUSE 14 requires the board within two months after receipt of the audited statement of accounts of the Scheme to submit to the Annual General Meeting a copy of the audited statement of accounts together with a copy of the audited report on the statements of accounts made by the auditor.

CLAUSE 15 gives the Board power to determine the investment asset classes of the Funds of the Scheme.

CLAUSE 16 seeks to amend Section 20G to define the words “daughter”, “dependent” and “son”.

CLAUSE 17 seeks to insert a new section in the principal Act to extend the application of the Act to Speakers or Deputy Speakers of Parliament who are alive to obtain the benefits provided under Part IVA of the Parliamentary Pensions Act, 2007, Act No. 6 of 2007.

CLAUSE 18 seeks to amend section 20J of the principal Act to empower the dependents of a former Speaker or Deputy Speaker to access the retirement benefits of the former Speaker or Deputy Speaker.

ARINAITWE RWAKAJARA (MP)
*Workers Representative and Chairperson
Parliamentary Pensions Scheme Board of Trustees*

THE PARLIAMENTARY PENSIONS (AMENDMENT) BILL, 2022

ARRANGEMENT OF CLAUSES

Clause

1. Amendment to section 2 of the Parliamentary Pensions Act, 2007.
2. Amendment of section 6 of principal Act
3. Insertion of new section 6A in the principal Act
4. Amendment of section 7B of the principal Act
5. Amendment of section 12 of the principal Act.
6. Amendment of section 13 of the principal Act.
7. Amendment of section 15 of the principal Act.
8. Substitution of sections 16 and 16A in the principal Act
9. Insertion of new Sections 17A in the principal Act.
10. Amendment of section 18 of the principal Act.
11. Substitution of section 18A of the principal Act.
12. Insertion of new sections 18B and 18C.
13. Amendment of section 20B of the principal Act.
14. Amendment of section 20C of the principal Act.

Clause

15. Amendment of section 20D of the principal Act
16. Amendment of section 20G of principal Act
17. Insertion of section 20GA in principal Act
18. Amendment of section 20J of principal Act

A Bill for an Act

ENTITLED

**THE PARLIAMENTARY PENSIONS (AMENDMENT)
ACT, 2022**

An Act to amend the Parliamentary Pensions Act, 2007; to replace the requirement for a recommendation of the Uganda Medical Board with a recommendation from a medical practitioner approved by the Board; to provide for nomination of beneficiaries of death benefits; to repeal the application of the vesting scale on the proportion of government contribution upon early retirement of a member; to make the Clerk to Parliament an ex-officio member of the Board without the right to vote; to provide for the appointment and functions of the Chief Operations Manager and other staff of the Scheme, to permit benefits of untraceable members to be deposited on the Reserve Account of the Scheme; to extend the application of the Act to Speakers or Deputy Speakers of Parliament who are alive; to empower the dependents of a former Speaker or Deputy Speaker to access the retirement benefits of the former Speaker or Deputy Speaker; and for other related matters.

BE IT ENACTED by Parliament as follows:

1. Amendment of section 2 of the Parliamentary Pensions Act, 2007, Act No. 6 of 2007.

Section 2 of the Parliamentary Pensions Act, 2007 in this Act referred to as “the principal Act” is amended by inserting immediately after the interpretation of the word “hybrid” the following—

““medical practitioner”” means a person registered and licensed to practice as a medical practitioner under the Medical and Dental Practitioners Act cap. 272;”

2. Amendment of section 6 of principal Act

Section 6 of the principal Act is amended in subsection (1) by substituting for “fifteen”, the word “twenty”.

3. Insertion of new section 6A in the principal Act

The principal Act is amended by inserting immediately after section 6 of the principal Act the following—

“6A Voluntary Contributions

(1) A member may in addition to the contribution made under section (6), make voluntary contributions to the Parliamentary Post-Retirement Medical Fund established under sections 17A of the Act.

(2) A member who wishes to make a voluntary contribution may authorise the Parliamentary Commission in writing to deduct an agreed rate from the member’s wage payment and remit the voluntary contribution to the Parliamentary Post-Retirement Medical Fund.

(3) The Parliamentary Commission shall remit the contribution under subsection (2) every month or at any other time authorised by the member.

4. Amendment of section 7B of principal Act

Section 7B of the principal Act is amended—

(a) in subsection (2) (b) by substituting for the words “the Uganda Medical Board” the words “medical practitioner approved by the Board”;

5. Amendment of section 12 of principal Act

Section 12 of the principal Act is amended by inserting immediately after subsection 5 the following—

(6) Notwithstanding subsection (1), a pension may be paid to a member who ceases to be a member on or after attaining forty-five years of age, subject to service as a member for a continuous period of five years, where the member elects to receive a pension rather than a refund.

6. Amendment of section 13 of principal Act

Section 13 of the principal Act is amended by repealing subsections (2) and (3) and renumbering the section.

7. Amendment of section 15 of principal Act

Section 15 of the Principal Act is amended by substituting for the words “Medical Board appointed by the Director General of Medical Services” the words “medical practitioner approved by the Board.”

8. Substitution of sections 16 and 16A of principal Act

The principal Act is amended by substituting for sections 16 and 16A the following—

“16. Death of a member or pensioner

(1) Notwithstanding the provisions of any other law, where a member or pensioner dies, his or her death benefits shall be distributed by the Board in accordance with the nomination made under subsection (2).

(2) Every member or pensioner shall, in the prescribed form, nominate his or her beneficiary who—

(a) in case of death of the member, shall be entitled to a refund of the member’s Scheme credit; and

(b) in case of death of the pensioner, shall receive the pensioner's pension.

(3) Where the member or pensioner does not nominate any beneficiary, the Board may in exceptional circumstances determine the distribution of the benefits of a deceased member or pensioner.

(4) The exceptional circumstances referred to under subsection (3) shall be prescribed by regulations.”

9. Insertion of new Section 17A .

The principal Act is amended by inserting immediately after section 17 the following new sections—

17A. Establishment of Parliamentary Post-Retirement Medical Fund

(1) There is established a fund to be known as the “Parliamentary Post-Retirement Medical Fund”.

(2) The object of the Parliamentary Post-Retirement Medical Fund is to provide contributing members access to medical care upon retirement.

(3) The moneys in the Parliamentary Post-Retirement Medical Fund shall, at all times, be maintained separately from any other funds under the control of the Board.

(4) The administration and management of the Parliamentary Post-Retirement Medical Fund shall be prescribed by regulations.

10. Amendment of section 18 of the principal Act

Section 18 of the principal Act is amended—

- (a) in subsection (1) by substituting for paragraphs (b) and (f) the following—
 - “(b) two back bench members of Parliament elected from different political parties or organisations”;
 - “(f) the Clerk to Parliament who shall be an ex-officio member without the right to vote”
- (b) by substituting for subsection (1a) the following—
 - “(1a) At least one third of the members of the Board shall be women”
- (c) by inserting immediately after subsection (5) the following—
 - “(5a) Except as otherwise expressly provided in this Act, the Board may carry out its functions notwithstanding any vacancy in its membership.”

11. Substitution of section 18A of the principal Act

The principal Act is amended by substituting for section 18A the following—

“18A. Powers of the Board.

For the purpose of carrying out its functions, the Board may exercise, perform and discharge any of the following powers—

- (1) control, supervise and administer the assets of the Scheme in such manner and for such purposes to promote the purpose for which the Scheme is established;
- (2) issue guidelines on the proper management of the Scheme;

- (3) delegate any of its powers to any person;
- (4) form sub committees for the effective performance of its functions;
- (5) determine, on the advice of the actuary, trivial pension to be paid as a lump sum payment to a pensioner; and
- (6) do such other things as the Board may consider expedient for the preservation of the Scheme and rights of the members and beneficiaries.

12. Insertion of new sections 18B and 18C

The principal Act is amended by inserting immediately after section 18A the following—

“18B. Appointment and functions of the Chief Operations Manager of the Scheme

(1) The Scheme shall have a Chief Operations Manager who shall be appointed by the Board on terms and conditions specified in the instrument of appointment.

(2) A person shall not be appointed Chief Operations Manager unless that person—

- (a) has academic or professional qualifications in accounting, finance, economics, insurance, law or banking with experience and competence to manage the affairs of the Scheme; and
- (b) is a person of high moral character and proven integrity.

(3) The Chief Operations Manager shall—

- (a) be the accounting officer of the Scheme; and

(b) in the performance of his or her functions be answerable to the Board.

(4) Subject to the general supervision and direction of the Board, the Chief Operations Manager, shall be responsible for the day to day operations and administration of the Scheme and performing any other function assigned to him or her by the Board.

18C. Other staff of the Scheme.

(1) The Board, may on the advice of the Chief Operations Manager appoint staff of the Scheme as may be necessary for the effective performance of the functions of the Scheme.

(2) The staff shall hold office on such terms and conditions as may be specified in their instruments of appointment.”

13. Amendment of section 20B of the principal Act

Section 20B of the principal Act is amended by inserting immediately after paragraph (b) the following—

“(ba) benefits of untraceable members, five years from the time the benefits are due.”

14. Amendment of section 20C of the principal Act

Section 20C of the principal Act is amended by substituting for subsection (3) the following—

“(3) The Board shall within two months after receipt of the audited statement of accounts of the Scheme, submit to the Annual General Meeting a copy of the audited statement of accounts together with a copy of the audited report on the statements of accounts made by the auditor.”

15. Amendment of section 20D of the principal Act

Section 20D of the principal Act is amended by substituting for subsection (2) the following;

“(2) Notwithstanding the provisions of any other written law, the investment policy of the Scheme shall be implemented in a manner determined by the Board.

16. Amendment of section 20G of principal Act

The principal Act is amended in section 20G by—

(a) inserting immediately after the definition of the word “currency point”, the following—

““daughter” includes a daughter adopted in the manner recognised under the laws of Uganda;” and

“dependent” includes a son or daughter;”

(b) inserting immediately after the definition of the word “retirement” the following—

“son” includes a son adopted in the manner recognised under the laws of Uganda;”.

17. Insertion of section 20GA in principal Act

The principal Act is amended by inserting immediately after section 20G, the following—

“20GA. Application

The provisions of this Part apply to—

(a) a person who ceases to hold the office of Speaker or Deputy Speaker after the commencement of this Act; and

(b) a person who is a former Speaker or Deputy Speaker of Parliament, who ceased to hold the office of Speaker or Deputy Speaker prior to the commencement of this Act and is alive.”

18. Amendment of section 20J of principal Act

The principal Act is amended in section 20J by inserting immediately after subsection (3), the following—

“(4) Where a person who dies while holding the office of Speaker does not have a spouse, a dependent shall be granted the benefits specified in Part C of Schedule 4.

(5) Where a person who dies while holding the office of Deputy Speaker does not have a spouse, a dependent shall be granted the benefits specified in Part C of Schedule 5.

(6) For the avoidance of doubt, the benefits of a dependent of a person who dies while holding the office of Speaker or Deputy Speaker shall be granted to the dependent for a period of fifteen years.”