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PRESS STATEMENT

PROPOSED PARLIAMENTARY PENSIONS (AMENDMENT) BILL NO. 45 of 2019

Nairobi, Kenya – 14th August 2020: On 5th August 2020, the National Assembly passed the Parliamentary Pensions (Amendment) Bill no. 45 of 2019 which is awaiting Presidential Assent. The Bill proposes to amend Section 8 of Parliamentary Pensions Act Cap. 196 of the Laws of Kenya to increase the pension for former Members of Parliament who served between 1st July 1984 to 1st January 2001 to a minimum of Ksh 100,000 per month.

We the undersigned are opposed to this Bill as it has a huge implication on Kenya's budget. The Parliamentary Budget Office states that the Bill will raise the cost of maintaining former MP's to **Ksh 180.9 million** annually. The pension wage bill rose from **Ksh 27.9 billion** in the Financial Year 2013/14 to **Ksh 86.7 billion** in 2019/2020 and is projected to cross the **Ksh 100 billion** mark in the current Financial Year 2020/21. Further, the national debt stood at **Ksh 6.0 trillion** (US\$ 60 billion) as at the end of December 2019. Over the period 2013 to 2018, interest payments as a share of tax revenue increased from **14%** to **26%** and thus any additional expenditure, will potentially deepen the debt crisis. Fiscal deficits will have to be contracted so as to reduce the overall cost of debt on the economy and safeguard debt sustainability.

We strongly express our reservations as the Bill is a bold attempt to bypass the role of the Salaries and Remuneration Commission (SRC) as expressed by the Constitution. SRC is mandated by the Constitution to set and regularly review the remuneration and benefits of all State Officers. The SRC Act, in Section 11(g), vests on SRC the mandate to make recommendations to the government on the review of pensions payable to current and past holders of public offices. The Bill is therefore in contravention of Article 230 (4) (a) of the Constitution of Kenya, as pension is an employment benefit, and therefore falls within the mandate of SRC. Any proposal for review of pensions for MPs should be tabled before the SRC and justifications provided.

We thus support the advisories issued by both the National Treasury and the Salaries and Remuneration Commission. We as a nation must be guided by the experts and constitutionally mandated institutions in this matter.

It must be reiterated that the reasons advanced by the MPs for enhancing the pension are common to all Kenyans and not a direct result of low pension, rather of perennial disregard by the Government of Kenya to apply taxes effectively to enhance public services. Strengthened public

service is the most equitable and sustainable strategy to provide safety nets to Kenyans from all walks of life.

We wish to remind the President and leaders in Kenya that state and public servants only represent 17% of the Kenyan population. Thus, the attempt to continue advancing disproportionate benefits to them at the expense of other Kenyan's must be resisted. Indeed, this is a misguided move that seeks to perpetuate the culture of white collar jobs that are limited.

As the President calls upon youth to take up technical skills and self-employ in the informal sector, the Government's policy choices must be in tandem with this. Taxes that will fund these pensions are collected from both the informal and formal sector; it is therefore unjust to share the benefits within the formal sector to the detriment of other hardworking Kenyans.

Impact of the proposed Bill

The proposed Bill is likely to have the following impact:

- (a) An increase in pensions payable thus amplifying the burden to the exchequer;
- (b) A spiral effect to pension payment in the Public Service - An increase in MPs' pension could also intensify the agitation from other categories of public servants seeking review of their pension in line with the proposed amendments.
- (c) Promotion of a culture of non-adherence to the principles of the Constitution.

Recommendations

We urge the President of Kenya not to give assent to the Bill based on its potential to negatively impact the economy, against the backdrop of rising national debt levels and declining national revenues further complicated by the economic crisis occasioned by the COVID-19 Pandemic.

We demand that the principle of equity as a national value be entrenched in all Government actions. Article 27 provides that every person is equal before the law and has the right to equal protection and equal benefit of the law. All action of Government agencies must be in line with this constitutional provision.

We recommend that all Government actions are aligned to the demands of the Constitution and its attendant independent institutions such as the Salaries and Remuneration Commission.

National Taxpayers Association (NTA) is a national, independent, non-partisan organization focused on promoting good governance in Kenya through citizen empowerment, enhancing public service delivery and partnership building. Since 2006, NTA has implemented programs aimed at building citizens' demand and strengthening government service delivery performance to enhance accountability through monitoring the quality of public services and management of devolved funds.

The Institute for Social Accountability (TISA) was launched in Nairobi in 2008 to promote citizen empowerment and participation, and government accountability, at a moment of promise, when Kenya was charting a path to constitutional reform and the formation of a multi-party

democracy. Since the adoption of Kenya's 2010 Constitution, TISA has sought to advance the Constitution's central tenet: transforming the way power in Kenya is distributed and managed, chiefly through the devolution of government power down from the national to the county level.

Transparency International Kenya (TI-Kenya) is a not-for-profit organization founded in 1999 in Kenya with the aim of developing a transparent and corruption-free society through good governance and social justice initiatives.

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