

*Approved  
SNA  
29/4/25*

**THE NATIONAL ASSEMBLY  
THIRTEENTH PARLIAMENT – FOURTH SESSION – 2025**


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**DIRECTORATE OF DEPARTMENTAL COMMITTEES  
DEPARTMENTAL COMMITTEE ON SOCIAL PROTECTION**

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**REPORT OF THE DEPARTMENTAL COMMITTEE ON SOCIAL  
PROTECTION ON ITS CONSIDERATION OF  
THE PENSIONS (AMENDMENT) BILL  
(NATIONAL ASSEMBLY BILL NO. 25 of 2024)**

**CLERKS CHAMBERS  
DIRECTORATE OF DEPARTMENTAL COMMITTEES  
PARLIAMENT BUILDINGS  
NAIROBI**

 <b>THE NATIONAL ASSEMBLY PAPERS LAID</b>	
<b>DATE:</b> 29 APR 2025	<b>DAY:</b> TUESDAY
<b>TABLED BY:</b> CLERK-AT THE-TABLE:	HON. ALICE NG'ANG'A CHAIRPERSON INDORU MWALE <b>APRIL 2025</b>



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## LIST OF ABBREVIATIONS AND ACRONYMS

COLA	-	Cost of Living Adjustment
DBA	-	Defined Benefits Arrangements
KANU	-	Kenya African National Union
KARO	-	Kenya Association of Retired Officers
ODM	-	Orange Democratic Movement
TSP	-	The Service Party
UDA	-	United Democratic Alliance
UDM	-	United Democratic Movement
WDM-K	-	Wiper Democratic Movement-Kenya

## **LIST OF ANNEXURES**

1. Report Adoption Schedule
2. Committee Minutes
3. Copy of the newspaper advertisement on public participation
4. Letters inviting stakeholders to meetings with the Committee
5. Stakeholders' submissions

## CHAIRPERSON'S FOREWORD

This report contains proceedings of the Departmental Committee on Social Protection on its consideration of the Pensions (Amendment) Bill (*National Assembly Bill No. 25 of 2024*). The Bill underwent First Reading on 12<sup>th</sup> June 2024 and was thereafter committed to the Departmental Committee on Social Protection for consideration and reporting to the House pursuant to the provision of Standing Order 127(1).

The Bill has two (2) clauses and it seeks to amend the Pensions Act Cap. 189 to include an automatic cost of living adjustment to the pensions earned by officers who have been in service of the Government. In addition, the Bill seeks to provide that the most current salary applicable to a job group, shall be used as the basis for the calculation of pensions payable to officers who have been in service of the Government who retired in that job group or its equivalent.

Following placement of advertisements in the print media on 12<sup>th</sup> June 2024 seeking public and stakeholder views on the Bill pursuant to Article 118(1)(b) of the Constitution and Standing Order 127(3), the Departmental Committee on Social Protection received memoranda from the National Executive through the National Treasury as well as from the Kenya Association of Retired Officers (KARO).

The Committee also invited stakeholders vide letters REF: NA/DDC/SP/CORR/2024/112 dated 5<sup>th</sup> November 2024, NA/DDC/SP/CORR/2024/114 dated 8<sup>th</sup> November 2024 and REF: NA/DDC/SP/CORR/2025/009 dated 18<sup>th</sup> March 2025 for a stakeholders' engagement on the Bill which were held in several meetings venues within the precincts of Parliament on 12<sup>th</sup> November 2024, 19<sup>th</sup> November 2024 and 10<sup>th</sup> April 2025. The Sponsor of the Bill (Hon. Tandaza Kassim Sawa, MP), the National Treasury and the Kenya Association of Retired Officers made oral presentations before the Committee.

The stakeholders were of the general view that the pensions rates provided for the retirees were low and significantly insufficient to cushion the retirees from the current level of inflation in the country. They averred that there is need for automatic cost of living adjustment and gazettment of information on the same.

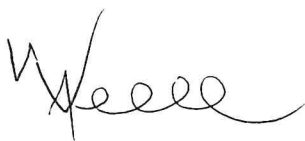
In considering the Bill, Members observed that the Amendment to the Act (Pensions Act Cap. 189) was much needed as most retirees were receiving meagre pensions that were insufficient to cushion them from the high cost of living experienced in the country.

The Committee is grateful to the Offices of the Speaker and the Clerk of the National Assembly for the logistical and technical support accorded to it during its sittings. The Committee further wishes to thank the Sponsor of the Bill, Hon. Kassim Tandaza Sawa, MP and all stakeholders who made their respective submissions on the Bill.

Finally, I wish to express my appreciation to the Honourable Members of the Committee and the Committee Secretariat who made valuable input during consideration of the Bill and production of this report.

On behalf of the Departmental Committee on Social Protection and pursuant to provisions of Standing Order 199(6), it is my pleasant privilege and honour to present to this House the Report of the Committee on its consideration of The Pensions (Amendment) Bill (*National Assembly Bill No. 25 of 2024*).

I thus wish to table this Report on The Pensions (Amendment) Bill (*National Assembly Bill No. 25 of 2024*) in this Honourable House, with the recommendation that the Bill be **approved with amendments** as reported by the Committee, which are contained in this Report.

A handwritten signature in black ink, appearing to read 'Wambui', with a stylized flourish at the end.

**The Hon. Alice Wambui Ng'ang'a, CBS, M.P.**  
**Chairperson, Departmental Committee on Social Protection**

## PART ONE

### I PREFACE

#### I.1 ESTABLISHMENT OF THE COMMITTEE

- I. The Departmental Committee on Social Protection is one of the twenty Departmental Committees of the National Assembly established under **Standing Order 216** whose mandate pursuant to the **Standing Order 216 (5)** is as follows:
  - i. *To investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned ministries and departments;*
  - ii. *To study the programme and policy objectives of Ministries and departments and the effectiveness of their implementation;*
  - iii. *On a quarterly basis, monitor and report on the implementation of the national budget in respect of its mandate;*
  - iv. **To study and review all the legislation referred to it;**
  - v. *To study, assess and analyse the relative success of the Ministries and departments as measured by the results obtained as compared with their stated objectives;*
  - vi. *To investigate and inquire into all matters relating to the assigned Ministries and departments as they may deem necessary, and as may be referred to them by the House;*
  - vii. *To vet and report on all appointments where the Constitution or any law requires the National Assembly to approve, except those under Standing Order 204 (Committee on appointments);*
  - viii. *To examine treaties, agreements and conventions;*
  - ix. *To make reports and recommendations to the House as often as possible, including recommendation of proposed legislation;*
  - x. *To consider reports of Commissions and Independent Offices submitted to the House pursuant to the provisions of Article 254 of the Constitution; and*
  - xi. *To examine any questions raised by Members on a matter within its mandate.*

#### I.2 MANDATE OF THE COMMITTEE

2. In accordance with the Second Schedule to the Standing Orders, the Committee is mandated to consider, social welfare and security, pension matters, gender affairs, equality and affirmative action, affairs of children, youth, persons with disability and senior citizens.
3. In executing its mandate, the Committee oversees the following State departments and Commission;
  - i. The State Department for Social Protection and Senior Citizen Affairs
  - ii. The State Department for Children Welfare Services
  - iii. The State Department for Gender and Affirmative Action
  - iv. The State Department for Youth Affairs and Creative Economy
  - v. The State Department for Public Service (NYS)
  - vi. The National Gender and Equality Commission (NGEC)

### I.3 COMMITTEE MEMBERSHIP

4. The Departmental Committee on Social Protection was constituted by the House on 27<sup>th</sup> October 2022 and re-constituted on 5<sup>th</sup> March 2025, and comprises of the following Honourable Members:

#### **Chairperson**

**Hon. Alice Wambui Ng'ang'a, CBS, MP**

Thika Town Constituency

**UDA Party**

#### **Vice-Chairperson**

**Hon. Hillary Kiplang'at Koskei, MP**

Kipkelion West Constituency

**UDA Party**

#### **Members**

Hon. Faith Wairimu Gitau, CBS, M.P.

Nyandarua County

**UDA PARTY**

Hon. Owen Baya Yaa, CBS, M.P.

Kilifi North Constituency

**UDA PARTY**

Hon. Timothy Wanyonyi Wetangula, CBS, M.P.

Westlands Constituency

**ODM PARTY**

Hon. Edith Vethi Nyenze, M.P.

Kitui West Constituency

**WDM-K PARTY**

Hon. Samuel Moroto Chumel, CBS, M.P.

Kapenguria Constituency

**UDA PARTY**

Hon. Paul Abuor, M.P.

Rongo Constituency

**ODM PARTY**

Hon. James Onyango Oyoo, M.P.

Muhoroni Constituency

**ODM PARTY**

Hon. Susan Nduyo Ngugi, M.P.

Tharaka Nithi County

**TSP PARTY**

Hon. Hussein Abdi Barre, M.P.

Taraj Constituency

**UDA PARTY**

Hon. Agnes Mantaine Pareiyo, M.P.

Narok North Constituency

**JUBILEE PARTY**

Hon. Amina Abdullahi Dika, M.P.

Tana River County

**KANU PARTY**

Hon. Linet Chepkorir, M.P.

Bomet County

**UDA PARTY**

Hon. Zamzam Mohamed Chimba, M.P.

Mombasa County

**ODM PARTY**



## **I.4 COMMITTEE SECRETARIAT**

5. The Committee is facilitated by the following Parliamentary staff:

Mr. Finlay Muriuki  
**Lead Clerk/ Head of Secretariat**

Mr. Ahmednoor Hassan  
**Clerk Assistant III**

Ms. Jemimah Waigwa  
**Senior Legal Counsel**

Mr. Adan Ahmed Abdi  
**Fiscal Analyst I**

Ms. Grace Maneno  
**Research Officer III**

Mr. Benjamin Ochutsi  
**Hansard Officer III**

Ms. Naomi Onsomu  
**Public Communications Officer**

Mr. Derrick Kathurima  
**Media Relations Officer**

Mr. Cosmas Akhonya  
**Audio Recording Officer**

Ms. Eva Kaare  
**Serjeant-at-Arms**

## **PART TWO**

### **2 BACKGROUND OF PENSIONS FRAMEWORK IN KENYA**

#### **2.1 INTRODUCTION**

6. The pension due to an eligible officer is calculated by taking into account the pensionable salary drawn by the office in the course of his service. The pension due is calculated as follows; (Completed months x annual salary)/480.
7. Pension is one of the benefits that the government provides to public officers as part of their terms of service, with a view to providing them with social security in old age as provided for in Article 43(1)(e) of the Constitution of Kenya. The benefits are intended to assist the public officers to have a smooth transition into retirement.

#### **2.2 SITUATIONAL ANALYSIS/ LEGAL FRAMEWORK**

##### **The Constitution, 2010**

8. **Article 43(1) (e)** provides that every person has a right to social security. Further, Article 43(3) provides that the State shall provide appropriate social security to persons who are unable to support themselves and their dependents.

##### **The Retirement Benefits Act, 1997**

9. The Retirement Benefits Act, 1997 is an Act of Parliament to establish a Retirement Benefits Authority for the regulation, supervision and promotion of retirement benefits sector and for connected purposes.
10. **Section 20** of the Retired Benefits Act provides that the Board of Directors of the Retirement Benefits Authority shall cause to be prepared estimates of revenue and expenditure of the Authority for a year before the commencement of each financial year. The said estimates shall provide for the payment of pensions, gratuities and other charges in respect of the retirement benefits which are payable out of the funds of the Authority.

##### **Public Service Superannuation Scheme Act No. 8 of 2012**

11. The Public Service Superannuation Scheme Act is the Act of Parliament to establish the Contributory Public Service Superannuation Scheme for providing retirement benefits to persons in the public service and for connected purposes.
12. The Public Service Superannuation Scheme is the scheme to which the Government and employees contribute to fund the retirement benefits of the employees. The contributions will be paid into the Fund established and managed under the Act and regulated in accordance with the Retirement Benefits Act.
13. Employees contribute at the rate of 7.5% of their monthly basic salary graduated as follows; 2% in first year (2021); 5% in the second year (2022); and 7.5% in the third year (2023). The Government contributes 15% of the monthly basic salary in respect of each employee. Employees have the option to make additional voluntary contributions to the scheme above the mandatory 7.5% of the basic salary. Where an employee takes this option, the Government does not increase its contribution.

## 2.3 COMPARATIVE ANALYSIS

### Singapore

14. The Singapore Pension System was set up in 1955 and has evolved into a key socio-economic institution that positively impacts the welfare of the people of Singapore. The pension system relies on mandatory savings administered by the Central Provident Fund (CPF) and is supervised by the Ministry of Manpower.
15. All Singapore citizens and Singapore permanent residents working in Singapore under contract service, employed under permanent, part-time or casual basis are required to make contributions towards CPF every month. Employers are required to remit both the employer and employee share of CPF contributions every month.
16. The monthly wages eligible for CPF contributions is periodically reviewed to help members in increasing their CPF savings. In addition, the employers are also required to contribute higher amount which results to more CPF savings for your retirement needs.

### Zambia

17. The Public Service Pensions Fund was established through an Act of Parliament as a defined benefit scheme in 1997. The establishment of PSPF was intended to consolidate the law relating to Pensions and other benefits for persons employed in the public service. The Public Service Pension fund covers employees in public service by providing income security in the event of retirement, permanent invalidity and survivorship.
18. The Pensions Fund is governed by the Public Service Pension Act No. 5 of 1996, which is an Act of Parliament to consolidate the law relating to pensions and other benefits for persons employed in the Public Service; and to provide for matters connected therewith or incidental to such consolidation. Benefits of the National Pension Scheme Authority of Zambia are not adjusted to inflation. However, interest is paid to all contributions.

### France

19. The pension system in France is made up of three pillars;
  - i) The French State Pension
  - ii) Compulsory Supplementary Pensions and
  - iii) Voluntary occupational and personal arrangements.
20. Since 2012, for France retirees to be entitled to a full French State Pension, one had to work for at least 41.5 years. This was set to be reviewed to 42 years in 2018 and to 43 years by 2035 for those born in 1973 onwards. For those who have worked for at least 10 years in France, could claim a pro-rata pension. This option offered 5-year savings in 2001 before it was reviewed to 10 years in 2004 and further amended to "until retirement" by the Government.
21. The Pension earnings are subject to Income tax on a progressive scale and there is an annual 10% tax free allowance for expenses. The tax is based on households rather than individuals to benefit couples where one spouse earns more than the other.

## **PART THREE**

### **3 OVERVIEW OF THE PENSIONS (AMENDMENT) BILL (NATIONAL ASSEMBLY BILL NO. 25 OF 2024)**

#### **3.1 INTRODUCTION**

22. The Bill provides for the amendment of the Pensions Act Cap. 189 to include an automatic cost of living adjustment to the pensions earned by officers who have been in service of the Government.
23. Additionally, the Bill seeks to provide that the most current salary applicable to a job group, shall be used as the basis for the calculation of pensions payable to officers who have been in service of the Government who retired in that job group or its equivalent.

#### **3.2 REVIEW OF THE BILL**

The Pensions (Amendment) Bill, 2024 (National Assembly Bill No. 25 of 2024) is a Bill sponsored by the Hon. Kassim Tandaza Sawa, MP. The Bill seeks to amend the Pensions Act Cap. 189 to include an automatic cost of living adjustment to the pensions earned by officers who have been in service of the Government. The Bill is composed of 2 clauses, which contain the following provisions.

24. Clause 1 of the Bill is the short title.
25. Clause 2 of the Bill seeks to amend section 3 of the Pensions Act, Cap. 189 to provide that—
- (a) an officer who has been in service of the government shall be entitled to an automatic cost of living adjustment increase to the pension, gratuities or other allowances issued under the Act, where the rate of inflation is high enough to substantiate a cost-of-living adjustment increase.
  - (b) the automatic cost of living adjustment shall be calculated based on an increase in the consumer price index.
  - (c) the consumer price index shall be determined by the KNBS established under the Statistics Act.
  - (d) the Cabinet Secretary shall cause to be published such information relating to automatic cost of living adjustment in the Gazette.
  - (e) the provision shall apply to an office who retires after the commencement of the Act.
26. Further, the Bill defines the terms consumer price index, cost of living and cost of living adjustment as used in the Bill.
27. Additionally, clause 2 of the Bill proposes to amend section 3(5) of the Act to provide that the most current salary applicable to a job group shall be the basis for the computation of the pensions payable to officers who have in service of the Government, and who retired in the specific job group or its equivalent.

## **PART FOUR**

### **4 PUBLIC PARTICIPATION/STAKEHOLDERS CONSULTATION**

28. Following the call for memoranda from the public through placement of adverts in the print media on 12<sup>th</sup> June 2024 and vide a letters REF: NA/DDC/SP/CORR/2024/I 12 dated 5<sup>th</sup> November 2024, NA/DDC/SP/CORR/2024/I 14 dated 8<sup>th</sup> November 2024 and REF: NA/DDC/SP/CORR/2025/009 dated 18<sup>th</sup> March 2025 inviting stakeholders for a meeting, the Committee received memoranda from the following stakeholders:
- i. The National Treasury.
  - ii. The Kenya Association of Retired Officers (KARO).
29. The Committee held several meetings with the National Treasury, Kenya National Association of Retired Officer (KARO), the sponsor of the Bill, Hon. Kassim Tandaza Sawa, M.P. The meetings were held on 12<sup>th</sup> November 2024, 19<sup>th</sup> November 2024 and 10<sup>th</sup> April 2025.

The stakeholders submitted as follows:

#### **4.1 THE NATIONAL TREASURY**

##### **Context of the Defined Benefit (DB) Arrangement**

30. The Pensions Scheme under consideration is a defined benefit arrangement governed by the Pensions Act, Cap 189. This arrangement provides for predetermined benefits based on employee's salary and years of service, funded directly by the Exchequer. The current framework is designed to provide long-term security for retirees but must also ensure financial sustainability for the Government of Kenya.
31. Introduction of Cost-of-Living Adjustment (COLA) and salary-based pension computation would have significant fiscal implications, particularly given the rising number of pensioners and increasing life expectancy. These changes should therefore be informed by an actuarial valuation to assess the long-term financial sustainability of such adjustments. The Pensions Department was conducting an actuarial study/valuation of the public service pension scheme, which has provided a data-driven foundation for decisions affecting the scheme, including any adjustments to pension benefits.

##### **Provisions for Pensions Increases under Current Law**

32. It was noted that currently pensions review had been facilitated through the Pensions Increase Act. The Pensions Increase Act (Cap. 190) provides a structured framework for adjusting pensions for retired public servants. The Act mandates that from the 1<sup>st</sup> July, 2005 and subsequently every two years on the same date, all specified pensions-along with any previously granted increases-shall be adjusted with a three percent increment based on the pensions amount in effect at the time of the adjustment, subject to the provisions of the Act.
33. By duplicating provisions already addressed under the Pensions Increase Act, the proposed amendments may create redundancy or potential conflicts between statutes. Instead, the existing

mechanism under Cap. 190 should be strengthened and guided by data from regular actuarial valuations.

### Ongoing Actuarial Study/Valuation

34. The findings of a recent actuarial valuation conducted on the pension scheme revealed that the Government's total accrued pension liability currently stands as Kshs. 2.14 trillion. As part of the analysis, the actuaries modelled several scenarios to assess the financial impact of varying annual pension increase rates, as currently provided under the Pensions Act, Cap 190. The results are summarized in the table below;

<b>Pension Increase Rate</b>	<b>1.5% p.a.</b>	<b>2% p.a.</b>	<b>3% p.a.</b>	<b>4% p.a.</b>	<b>5% p.a.</b>	<b>6% p.a.</b>
Current Pensioners	802	850	946	1,052	1,138	1,234
Actives (Continuing & Noncontinuing)	1,293	1,342	1,442	1,562	1,699	1,867
WCPS (Continuing & Noncontinuing Actives)	53	56	62	68	75	81
<b>Total Accrued Liabilities</b>	<b>2,147</b>	<b>2,248</b>	<b>2,450</b>	<b>2,672</b>	<b>2,911</b>	<b>3,182</b>
<b>Increase in Liabilities (Ksh billion)</b>	<b>-</b>	<b>101</b>	<b>303</b>	<b>525</b>	<b>765</b>	<b>1,035</b>

35. The table illustrates the significant increase in pension liabilities resulting from higher annual pension adjustments, for instance, raising the pension increment to 2% per annum increases the liability by Kshs 101 billion, while an increment of 6% per annum—which aligns with the average CPI over the past decade—raises the liability by Kshs 1.035 trillion.
36. These findings raise serious concerns about the long-term sustainability and affordability of proposals that link pension increases to cost-of-living metrics. Given the potential for sharp rises in liabilities during inflationary periods, any such policy shift should be approached with caution.
37. Furthermore, proposals suggesting that pension adjustments be based on the most current salary for equivalent job groups would present both fiscal risks and significant administrative complexity, making such recalculations impractical and burdensome.

### Tax Relief

38. In a significant fiscal intervention to support retirees, the National Treasury, through the Finance Bill, 2024, proposed to exempt from tax all pension payments made from a registered pension scheme, registered provident fund, registered individual retirement fund, public pension scheme, or the National Social Security Fund upon attaining the retirement age. The proposed tax exemption also extended to gratuity or other allowances paid under public pension schemes, retirement annuities, and withdrawals from the fund prior to retirement age due to ill health or after completing twenty years of membership in the fund.
39. Although the Finance Bill, 2024, was withdrawn, the National Treasury reaffirmed its commitment to retirees by resubmitting this proposal through the Tax Laws (Amendment) Bill, 2024 which was subsequently assented into Law on the 11<sup>th</sup> December, 2024. This underscores the government's



determination to provide financial relief to retirees, enhancing their well-being and economic security.

40. Automatic Cost-of-Living Adjustment;

While the principle of linking pension adjustments to inflation is commendable, the following issues require careful consideration —

- a) **Fiscal Implications;** Automatic adjustments could introduce significant financial strain on the Exchequer, particularly during periods of high inflation. This may destabilize budgetary planning and compromise the ability to fund other critical public services.
- b) **International Best Practices;** Globally, countries with DB schemes such as Canada, the UK, and the US incorporate discretionary rather than automatic adjustments, considering fiscal sustainability. Kenya could adopt a similar approach, guided by periodic actuarial advice and the same actualized through the Pensions Increase Act.
- c) **Constitutional Provisions;** Article 201 of the Constitution of Kenya emphasizes prudent and responsible use of public funds. In alignment with this principle, it is important to ensure that adjustments are sustainable and equitable across generations.

41. Using the Most Current Salary for Pension Computation

Revising pensions based on the most current salary applicable to a job group raises significant concerns—

- a) **Equity** - This provision could introduce disparities among retirees who served in similar capacities but retired at different times.
- b) **Legal Ambiguity** - Defining "equivalence" across job groups over time may create administrative challenges and increase litigation risks.
- c) **Sustainability** - This proposal could lead to an unsustainable escalation of pension liabilities.

## 4.2 KENYA ASSOCIATION OF RETIRED OFFICERS

42. The Kenya Association of Retired Officers (KARO), led by Mr. Ahmed Hussein Ahmed, MBS, HSC, the Chairperson of the Association, called for the amendment of Clause 2(a) IE.

43. They argued that in its current state the provision violates Articles 10 (1) ,10 (2, b), 43 (1, e), 43 (3), 57(c) and 57(d) of the Constitution of Kenya.

44. KARO averred that the provision as currently printed discriminates against government officers who had already retired, in favour of the retirees retiring after commencement of the Bill's enactment into law.

45. The Association therefore proposed that Clause 2(a)(IE) be amended to read as follows:

***‘the provision of this section shall apply to an officer who has been in the service of the government, attained the qualifying period of service and age, and qualifies for payment of receiving pensions under the Pensions Act.’***

## **PART FIVE**

### **5 COMMITTEE OBSERVATIONS**

46. The Committee noted the need to create a balance between ensuring that former government employees have access to adequate pension and managing fiscal strain. Pension payments increases are of vital importance to pensioners countrywide, but the increments ought to be sustainable and should not introduce significant financial strain on the Exchequer. In this regard, the Committee proposed to amend the Bill to create a balance between the two parameters.
47. Additionally, the Committee observed that the proposed Clause 2(a) sub-section (IE) shall bar access to pension increase by government employees who retired before the commencement of the section, which was not the intended object of the Bill. The Committee proposed to amend the proposed new subsection (IE) appropriately.
48. The Pensions (Increase) Act, Cap 190 already provides for review and adjustment of pension amounts every two years.
49. Finally, the Committee noted that following enactment of the Tax Laws (Amendment) Act 2024, the enhanced tax reliefs on pensions was anticipated to further ease cost of living for pensioners.



## PART SIX

### 6 COMMITTEE RECOMMENDATIONS

50. Pursuant to Standing Order 127, the Committee recommends **THAT the Bill does proceed for Second Reading** subject to the following amendments—

#### **CLAUSE 2**

**THAT** clause 2(a) of the Bill be amended—


(a) by deleting the proposed new subsection (IA) and substituting therefor the following new subsection—

“(IA) An officer who has been in service of the government shall be entitled to an automatic cost of living adjustment increase to the pension, gratuities or other allowances issued under the Act, where—

(a) the rate of inflation is high enough to substantiate a cost-of-living adjustment increase; and

(b) the proposed adjustment is financially sustainable as may be determined by the Cabinet Secretary.”

(b) by deleting the proposed new subsection (IE).

 <b>THE NATIONAL ASSEMBLY</b> <b>PAPERS LAID</b>	
<b>DATE:</b> 29 APR 2025	
<b>DAY:</b> TUESDAY	
<b>TABLED BY:</b>	HON. ALICE NDIAMBA (CHAIRPERSON)
<b>CLERK-AT THE-TABLE:</b>	INZOFU MWALE

## PART SEVEN

### 7. SCHEDULE OF PROPOSED AMENDMENTS

51. The Committee proposed the following amendments to be considered by the House in the Committee Stage:

Proposed Amendment:	Rationale/ Justification of the Amendment
<p><b>CLAUSE 2</b> <b>THAT</b> clause 2(a) of the Bill be amended —</p> <p>a) by deleting subclause (IA) and substituting therefor the following new sub-clause — “(IA) An officer who has been in service of the government shall be entitled to an automatic cost of living adjustment increase to the pension, gratuities or other allowances issued under the Act, where— (a) the rate of inflation is high enough to substantiate a cost-of-living adjustment increase; and (b) the proposed adjustment is financially sustainable as may be determined by the Cabinet Secretary.”</p> <p>b) by deleting subclause (IE).</p>	<p>There is need to create a balance between ensuring that former government employees have access to adequate pension and managing fiscal strain. Pension payments increases are of vital importance to pensioners countrywide, but the increments ought to be sustainable and should not introduce significant financial strain on the Exchequer. This is in line with Article 114 of the Constitution which seeks input of the Cabinet Secretary responsible for finance in national fiscal undertakings.</p> <p>The proposed Clause 2(a) sub-clause (IE) shall bar access to pension increase by government employees who retired before the commencement of the section, thereby disproportionately disadvantaging retirees who have already retired/who will have already retired by the time the Bill is enacted into law, which is not the objective of the Bill.</p>

SIGNED: ..... DATE: 24-4-2025

HON. ALICE WAMBUI NG'ANG'A, CBS, M.P.  
(CHAIRPERSON, DEPARTMENTAL COMMITTEE ON SOCIAL PROTECTION)