

SPECIAL ISSUE

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REPUBLIC OF KENYA

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NATIONAL ASSEMBLY BILLS, 2024

NAIROBI, 12th April, 2024

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THE PENSIONS (AMENDMENT) BILL, 2024

A Bill for

AN ACT of Parliament to amend the Pensions Act and for connected purposes.

ENACTED by the Parliament of Kenya, as follows—

1. This Act may be cited as the Pensions (Amendment) Act, 2024 Short title

2. Section 3 of the Pensions Act is amended—

(a) by inserting the following new subsections immediately after subsection (1) —

“(1A) 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 this Act, where the rate of inflation is high enough to substantiate a cost of living adjustment increase

(1B) The automatic cost of living adjustment under subsection (1A) shall be calculated based on an increase in the consumer price index within a period of twelve months ending on the 30th of June in each financial year

(1C) The Consumer price index shall be determined by the Kenya National Bureau of Statistics established under the Statistics Act

Amendment of
Section 3 of Cap
189

(1D) The Cabinet Secretary shall cause to be published such information relating to automatic cost of living adjustment in the *Gazette*

(1E) The provisions of this section shall apply to an officer who has been in service of the government who retires after the commencement of this section

(1F) In this section —

“Consumer Price Index” means an index number that measures a change in the prices of goods and services purchased or otherwise acquired by households and which are used directly or indirectly by a household to satisfy their own needs and wants,

“Cost of living” means an amount of money needed to cover basic expenses including housing, food, health care, clothing and education,

“Cost of living adjustment” means a change in income or benefits that correspond with the current rate of cost of living

(b) by deleting subsection (5) and substituting therefor the following new subsection—

“(5) Subject to the provisions of any other written law, the most current salary applicable to a job group shall be the basis for computation of the pensions payable to an officer who has been in service of the government who retired in that job group or its equivalent ”

MEMORANDUM OF OBJECTS AND REASONS

The principal object of this Bill is to amend the Pensions Act Cap 189, to include an automatic cost of living adjustment to the pensions earned by all retired public servants. In addition, the Bill seeks to provide for the use of the most current salary applicable to a job group as the basis for the calculation of the pensions payable to public servants who have retired in that job group or its equivalent.

Statement on the delegation of legislative powers and limitation of fundamental rights and freedoms

The Bill neither delegates legislative powers nor does it limit fundamental rights and freedoms.

Statement on whether the Bill concerns county Governments

The Bill does not concern county governments in terms of Article 110(1) of the Constitution.

Statement on whether the bill is a money Bill within the meaning of Article 114 of the Constitution

The enactment of this Bill shall occasion additional expenditure of public funds.

Dated the 29th November, 2023

TANDAZA SAWA,
Member of Parliament

