

**WELCOME ADDRESS BY THE MINISTER FOR EMPLOYMENT AND LABOUR RELATIONS, HON. IGNATIUS BAFFOUR AWUAH (MP) AT THE HIGH-LEVEL STAKEHOLDER MEETING ON UNIFICATION OF PENSION SCHEMES IN THE PUBLIC SECTOR HELD ON WEDNESDAY, 25<sup>TH</sup> APRIL, 2018 AT THE LA PALM ROYAL BEACH HOTEL, ACCRA AT 9:00 AM.**

**Mr. Chairman;**

**Your Excellency, The Vice President of the Republic of Ghana, Alhaji Dr. Mahamudu Bawumia;**

**The Hon. Chief of Staff, Akosua Frema Osei-Opare;**

**Colleague Hon. Ministers of State;**

**The Secretary to the Cabinet, Ambassador Mercy Yvonne Debrah-Karikari;**

**Heads and Directors of Ministries, Departments and Agencies;**

**The Secretary General, Trades Union Congress;**

**Distinguished Invited Guests;**

**Ladies and Gentlemen;**

It feels great to see all of you here this morning and indeed a privilege for me to welcome you to this important High-Level Stakeholder Meeting on Unification of Pension Schemes in the Public Sector. What is more refreshing is the fact that, despite the short notice, you were all able to honour our invitation. Without a doubt, I am very grateful.

**Mr. Chairman,** you will agree with me that, the significance of pensions in our lives today cannot be overemphasized. Discussions on pensions are very sensitive and pensions form an important component of Social Protection - a key pillar of the Decent Work Agenda we seek to promote. Interestingly, coverage of pensions in Ghana is limited and largely confined to workers in the formal sector. Against this backdrop, Government in 2004 initiated a reform to the pensions regime to expand pension coverage to all workers including those in the informal sector and guarantee equity in the administration of pension benefits to retirees.

**Mr. Chairman,** however, in recent times, issues of pensions have become more topical in our national development discourse. As a sector with oversight responsibility on pensions, we are very committed to ensuring that, the welfare and wellbeing of workers are not compromised. This is because, a stabilized labour front is essential for the successful implementation of government policies and programmes. Today's encounter is therefore not only coincidental but an appropriate time to brainstorm on the true state of pensions in our country. It is very important to note that, Ghana is in the process of finalising the 2009 reform of the pension system which saw the creation of the 3-Tier Contributory Pension Scheme, the enactment of the National Pensions Act, 2008 (Act 766) and the establishment of the National Pensions Regulatory Authority (NPRA). However, one piece of unfinished business is the Unification of the various parallel pension schemes in the public sector into the 3-tier pension scheme.

**Mr. Chairman; Your Excellency,** following the passage of the National Pensions Act, 2008 (Act 766) as amended by Act 883,

2014, all institutions operating parallel pension schemes in the public sector are to be unified under the 3-tier pension scheme. In addition, no new entrant will be allowed to join the non-contributory pension scheme such as CAP 30 during the transitional period except those presently allowed under the 1992 Constitution of Ghana. On the contrary, it has been observed that, new employees in the public sector who are to join the 3-tier pension scheme per the passage of Act 766 rather join the non-contributory pension schemes in contravention of the provisions of Act 766. This development therefore has obvious financial implications for government's budget and continues to be a growing concern.

As a result, all non-contributory pension schemes continue to exist in legal vacuum after the lapse of the 4-year transitional although it was extended for a further 2 years which ended in 2016. Till date, the situation continues to be compounded with dire consequences for the labour sector.

Ironically, one of the major reasons for the pension reform was Unification. Unification is to ensure retirement income security for all Ghanaian workers through equity. Regrettably, unifying the various parallel pension schemes in the public sector has not been possible in the last few years because, the Act did not categorically specify how unification should be done. It is for this reason, we have converged here today to continue from where our predecessors stopped. The import of our gathering is to gain a deeper understanding of the subject matter and appreciate the issues for the adoption of a feasible option on Unification. It therefore behooves on us to lead the process and ensure that, the recommendations of the Presidential Commission on Pensions are fully implemented.

**Distinguished Invited Guests,** before I bring my address to an end, it is extremely important I refer you to a brief history to enrich discussions on this subject matter. The World of Work has changed rapidly over time. In the past, conditions of service were not negotiated but today, the situation is otherwise. Working for

government was seen as a sacrifice to the nation which was remunerated with a generous pension scheme such as CAP 30 upon retirement unlike this modern era where work is no longer a sacrifice but a business. Also, government in the past could retire workers as and when it deem necessary but in this era there exist a compulsory retirement age that regulate the world of work depending on your place of work. This and many more antecedents form the basis for the establishment of the CAP 30. Unfortunately, the objective of the CAP 30 in the precolonial era cannot be replicated in this 4<sup>th</sup> Republic and therefore non-contributory pension schemes can no longer be over-generous. This is undeniably non-sustainable and does not conform to best practices. It is therefore not surprising that, workers are quick to retire at an early age rather than stay on to work because they are better off as a pensioner under the non-contributory scheme than as a worker under the same scheme. This is very problematic for a developing country like ours.

**Mr. Chairman, Your Excellency, Distinguished Ladies and Gentlemen;** having said this, it is my fervent expectation that, discussions today will add to the reputation of the numerous consultations on Unification. I will continue to count on your expertise, support and cooperation towards the ultimate goal of ensuring that, parallel pension schemes in the public sector are completely unified in accordance with the law. I wish you all fruitful deliberations that will facilitate the adoption of a feasible road map on unification.

Once again, I thank you all for taking time out of your busy schedules to be a part of this meeting.

I thank you for your attention.