

**PRESS CONFERENCE ON TIER 2 PENSION STRIKE ADDRESSED BY THE  
MINISTER FOR COMMUNICATIONS DR. EDWARD KOFI OMANE  
BOAMAH ON MONDAY THE 3<sup>RD</sup> OF NOVEMBER, 2014.**

Good Morning Ladies and Gentlemen of the Press,

Good Morning Fellow Ghanaians who have joined us live via the power of Radio and Television.

Thank you for responding to our invitation.

We have invited you here over a pressing matter relating to the welfare of Ghanaians. On 21<sup>st</sup> October, 2014 Labour Unions namely, Health Services Workers Union, Ghana Registered Nurses' Association, Ghana Medical Association, Ghana Physician Assistants Association', Government and Hospital Pharmacists' Association, Ghana Association of Certified Registered Anaesthetists, Ghana National Association of Teachers, Teachers and Educational Workers' Union, National Association of Graduate Teachers, Civil and Local Government Staff Association and Judicial Service Staff Association announced and subsequently embarked on a strike action on matters relating to the implementation of the new Three –Tier Pension Scheme, especially Tier 2.

The current strike action has caused considerable discomfort and avoidable consequences to Ghanaians.

We have called you here to give you an update on what Government has been doing to bring an end to the strike. Also of concern to Government is the observation that in discussions that have gone on so far about this strike, an attempt has been made by sections of our society to distort the facts surrounding this matter with a view to misinforming Ghanaians. The motive for such conduct however is unclear at this stage. We will use this opportunity to correct these distortions and erase any doubts about the intentions of Government and its commitment to have this matter adequately and sustainably addressed in a manner that assures pensioners of their retirement income security.

**In doing so Government is mindful of the fact that aspects of the distortions such as who has the mandate to appoint a Trustee and the illegality or otherwise of the strike are before the respected Judge sitting on the matter. Government shall endeavor, within the constraints of not touching on the matter in issue, to keep you informed particularly as you keep seeking answers from Government on what is being done to end the strike. As a result please bear with Government if we have not been speaking to and still do not speak to certain matters which are obvious.**

Notwithstanding earlier engagements between Government and Labour Union Leaders, in the immediate aftermath of the declaration of the strike action, strenuous efforts have been made by Government to ensure a speedy resolution of the impasse through dialogue and negotiations.

Last week Tuesday, 28th October, 2014 and on Thursday, 30<sup>th</sup> October, 2014 the dialogue and negotiations continued. At Thursday's meeting, following some discussions the unions were requested by Government to call off their strike. The Unions present at the meeting indicated that they will respond to the request to have the strike called off at the next scheduled meeting tomorrow, Tuesday, 4<sup>th</sup> November, 2014 after consultations with their members and other stakeholders.

Contrary to this commitment, a few hours after the meeting, spokespersons of the unions were heard on various media platforms insisting that they will not call off the strike until all their demands are met. They also announced an escalation of their action to include public manifestations such as demonstrations.

Ladies and gentlemen,

This strike action has taking a huge toll on the Ghanaians. Children including the children of workers in public schools have been denied tuition over the period. Ghanaians in need of medical care have also been turned away at public health facilities.

Government deems it unconscionable that Ghanaians including women (pregnant and non-pregnant), children (neonates, infants and above), farmers, market women, drivers, artisans, journalists, traditional leaders, religious leaders, among others should suffer the deprivation of vital public services on account of the current strike action.

**The suffering associated with this strike action remains unconscionable and unmeritorious because as I speak here and now, no worker has been denied his/her benefits under the Tier 2 scheme. The Tier 2 scheme is a Defined Contribution arrangement which guarantees benefits for all eligible workers including the first batch of workers going on pension from January, 2015.**

While this guarantee exists for people going on pension, same cannot be said for the ordinary Ghanaian if this strike action proceeds any further with its attendant complications.

It is an immutable fact that human life lost can never be recovered. In fact even a human organ lost or damaged as a result of delayed or postponed health care service may be very difficult if not impossible under our circumstances to recover.

Contact hours between school children and their teachers lost or reduced as a result of this strike action not only deprive the school children of quality time at school but also rolls back the gains we are making in the educational sector. This has the potential to jeopardize the future of the children.

When the Businessman or Businesswoman or the citizenry encounters an empty office in the public service as a result of this strike, we are not serving the Business community and the citizenry well.

Government is deeply concerned about the welfare of all Ghanaians. It is our noble and sacred responsibility to take steps to end this suffering. We have therefore explored another option available to us in this matter.

The Attorney-General on behalf of Government secured an interlocutory injunction from the High court last week Friday which compels the unions to call off the strike in order for their members to return to work and render services to the Ghanaian people. It is our expectation that workers will in accordance with this order as our laws stipulate comply.

It is regrettable that some Union Leaders speaking to the press after the court's order have sought to suggest that they will defy the court. Let us all as Ghanaians remain committed to respecting our judiciary and avoiding any conduct that risks plunging our country into a state of lawlessness and anarchy.

**Government wishes to stress that in exercising the right to go to court, it was guided solely by the supreme interest of all Ghanaians and the need to end the suffering we are going through as a result of this strike action.**

**When we discuss the need for productivity to be enhanced, we must believe we mean just what we say. When we talk about expanding the "pie" so we can all share equitably in the form of salaries and wages, infrastructure and services, we must believe we mean exactly what we say. The goal of enhancing productivity is not being served well if we embark on strikes such as this one on Tier 2 Pension Scheme even when not a single pensioner will be deprived of his/her benefit come January 2015.**

Government will continue to work very hard to put people first. As a Social Democratic Party Pensioners are our key constituents. As we construct more hospitals, CHPS Compounds, Health Centres, re-equip our health facilities and train more human resource, we aim to improve on the life expectancy of Ghanaians. Improved life expectancy as evidenced in Ghana in recent years comes with the subject of Retirement Income Security for Pensioners. This is the bigger picture which is informing Government's quest to secure the future of worker's pensions.

Ladies and gentlemen, at this point we shall consider a brief background to the current pension issues:

1. Former President Kuffour's Government in July 2004 initiated a major reform of the Pension System in Ghana.
2. A Presidential Commission on Pensions under the chairmanship of Mr. T. A. Bediako was set up. They reported their findings to the Government in March, 2006.

3. The Government issued a White Paper in July 2006, which accepted almost all the recommendations of the Commission which included the establishment of 3-tier pension scheme. The Commission also recommended the setting up of a mandatory tier 2 pension scheme which will be employer sponsored.
4. An 8-member Pension Reform Implementation Committee (“**the Committee**”) was set up in October 2006 which appointed **Mr. Aidoo-Mensah**, a Consultant to assist the Committee in its work.
5. The Committee commenced work in November, 2006. In 2007, the Committee as part of its mandate submitted for Government’s consideration the National Pension Reform Bill.
6. Cabinet approved the Bill and submitted same to Parliament for passage into law.
7. The Bill was passed by Parliament and same received Presidential assent in December 2008.
8. The new Pensions Law, the National Pensions Act, 2008 (Act 766) was promulgated on 12th December, 2008.
9. The New Patriotic Party lost the 2008 general elections. Ladies and Gentlemen, the law has remained same and has seen no amendment since the NDC formed Government in January, 2009 under President John Evans Fifi Atta Mills of blessed memory. President Mahama’s Government has also not amended the law yet.
10. The first Board of the NPRA chaired by Mr. Kwame Asante was sworn into office on the 31<sup>st</sup> of August 2009 by former President Mills.
11. In September 2009, President Mills launched the new national pension scheme.
12. The implementation of the 3-tier scheme started in January 2010 where employers paid contributions of their employees under tiers 1 and 2.
13. In September 2012, Government set up the Pensions Committee whose membership included the heads of GHS, GES, Head of Civil Service and Head of Local Government Services.
14. The intention of Government in its composition of the membership of the Pensions Committee was to ensure that all employees and their various Unions are well represented through the Heads of these public services.
15. The Committee in consultation with NPRA shortlisted 5 Trustee companies and invited them to submit proposals for consideration. The 5 shortlisted Trustee companies are as follows:
  - a. Enterprise Trustees Ltd.
  - b. Provident Life Trust Company
  - c. Universal Pensions Master Trust Ltd.
  - d. Glico Pensions Trustee Company Ltd. and
  - e. Pensions Alliance Trust Ltd.
16. All 5 Trustee companies were then given the opportunity to make presentations to the Committee after which Pensions Alliance Trust Limited (PAT), hereinafter referred to as the “selected Trustee”, was recommended for appointment.

17. It is understood that Selected Trustee was the most responsive to the agreed criteria established. Their ICT infrastructure was considered excellent, Data Management, Disaster Recovery Plan, Reliability of Software Systems and Fund Management Expertise were also regarded as the best by the committee.
18. In October, 2012, the Minister for Finance, Dr. Duffour on behalf of Government appointed The Selected Trustee as the Corporate Trustee for public sector pensions.
19. Upon the appointment by Government, the selected Trustee was required to among other things:
  - a. register schemes with the NPRA for the Public sector workers;
  - b. To appoint Fund Managers and Custodians.
20. We are informed they commenced discussions with the various employee groups and their recognized Associations and Management.
- 21. The various Management of the key public Services such as Education, Health, Office of Head of Civil Service and the Public Services Commission wrote to the NPRA to support the appointment of PAT. (Copies of letters are available and accessible)**
22. The selected Trustee then went ahead to register three (3) Master Trust Schemes. The schemes were set up such that the employees were represented on the Board of Trustee of each scheme set up either through their Association representatives or their Management whichever is preferable.
23. Provision was made for the appointment of four (4) fund managers per scheme making a total of 12 fund managers. Some of the fund managers proposed by the selected Trustees to Government we are informed include:
  - a. Databank
  - b. IC Securities
  - c. EDC Management Service
  - d. FirstBanc Financial Services
  - e. Fidelity Securities
  - f. Stanbic Management Services
  - g. SEM Capital
24. The schemes also made provision for the appointment of a custodian for each Master Trust scheme making a total of three (3) Custodians.
25. Some groups namely, the GES, GHS, GJS and CLOSSAG formed and registered their own schemes. This stalled efforts by the Selected Trustee to set in motion the public sector schemes.
26. In early 2013, Controller and Accountant General's Department started transmitting employee data to establish employee database on the selected Trustee's Platform for all employees on Government of Ghana payroll. This exercise has since been completed.

Ladies and gentlemen,

We now turn attention to some distortions and falsehoods that have been churned out in the course of the strike action.

Among other claims it has been said that;

1. Distortion 1. Government has unilaterally, imposed a Trustee on public sector workers.

One of the most deceptive narratives which is often repeated by persons who are not familiar with the actions taken so far to implement the new pensions regime has been that government in violation of provisions of the Pensions Act (Act 766) unilaterally imposed a Trustee on public sector workers.

It is instructive to note however that those who advance this argument often fall short of stating the relevant provisions which government has violated.

**Government believing not only in the rule of law but also the fact that the demand by labour unions to choose trustees for the tier 2 pensions will leave the future of workers, especially when they retire, almost entirely at the mercy of private interest; who cannot provide the same guarantee the concern for citizens' welfare compels Government to provide, decided to seek judicial pronouncement on section 129 of the law.**

**We are unable to dissect the merits and demerits to support our case out of respect for the courts.**

We believe a determination of this matter will put to rest any lingering doubt about who has capacity to appoint Trustees to manage Pension Funds. The answer of interpretation as we all know lies in the bosom of the Judge.

2. Distortion 2. Government is unable to account for Tier 2 contributions deducted so far.

Another distortion of the issue has been that Tier 2 contributions deducted since 2010 cannot be accounted for. The National Pensions Regulatory Authority clarified this matter last week when it addressed a press conference last Thursday.

Pursuant to Section 218 of Act 766, every employer is enjoined to open a Temporary Pension Fund Account (TPFA) into which all Tier 2 deductions will be kept in trust until such time that Trustees are appointed and Fund Managers duly registered. The NPRA disclosed that the total balance on account held by the Bank of Ghana as at 27<sup>th</sup> October, 2014 is **GHS 1,641,117,027.70** and this includes returns accrued after investment in treasury bills.

**It is also important to note that workers are adequately represented on the Boards of SSNIT and the NPRA Board by highly respected Trade Unionists and therefore have opportunity to regularly learn about the status of their pension funds anytime they require such information as good corporate governance dictates. The notion therefore that Government has concealed the details of the funds accrued so far, is misleading.**

3. Distortion 3. Government has transferred Pension funds to Pension Trust Alliance to purchase Merchant Bank.

Another falsehood which has been peddled with alacrity, by a Civil Society group and most regrettably by senior figures within the political space who by virtue of the positions they occupy we expect to know better, is that government has handed over pension funds kept at the Bank of Ghana to Pensions Alliance Trust to purchase Merchant Bank.

**We wish to state that per information available to Government this claim is totally false, absolutely unfounded, mischievous and was only invented to justify earlier falsehoods. We challenge anybody who has contrary opinion to boldly step forward to contradict this position. We will be ready to revise our position. Until then let us allow decorum and truth to prevail in the discourse.**

The funds that have accrued so far are being safely kept by the Bank of Ghana and have been prudently invested for the benefit of pensioners.

4. Distortion 4. Workers will have choice if Labour Union Leaders are allowed to appoint Trustees and Fund Managers.

This claim cannot be true as what the Labour Unions have done is to also appoint a single trustee each for their various registered schemes and knowing that this is binding on all workers it cannot be true to assert that the Labour Leaders are offering Ghanaian workers the power of choice. Once again this claim has clearly been thrown in the mix just to further obfuscate issues by those who think they stand to benefit in a cloud of confusion. We have a message for them, their machinations will not work!

Ladies and gentlemen,

We wish to reiterate for the avoidance of doubt that Government remains very committed to the negotiations that are currently ongoing. We have also clearly heard the Unions express similar unflinching commitment to the negotiations. We remain confident that an enduring agreement will be reached in the coming days over the substantive matters under negotiations.

Let me be quick to add that some workers out of their own beliefs and understanding have rendered and continue to render service in our public institutions notwithstanding the fact that some 'Strike Enforcers/Task Forces' go round the ministries, schools etc. to intimidate them. Government commends the determination, fortitude and understanding of the former. Ghanaians, to whom you are rendering such timely services to in their time of need will remain eternally grateful to you and they will not forget your sacrifices.

In conclusion we wish to state unequivocally that Government will never be mean spirited. Organised Labour, Pensioners, the poor and vulnerable are and continue to remain our natural allies. By working together we shall surmount this temporary challenge.

The bottom line in all pension matters across the world is the protection of citizens when they are old and vulnerable. That responsibility rests with government, hence the need for government to take keen interest in the management of funds set aside for that purpose.

We believe in the power of the state in protecting pensioners. We believe the private sector has a role to play in this endeavor but we are also guided by bitter case studies in Ghana and across the globe – when bankruptcy sets in, who will bail the poor pensioner out? Who will protect the retirement income security of the pensioner. This is the thrust of Government's actions. Let us all get to work even as we negotiate, for the two are not mutually exclusive and exhaustive.

Thank you.

Long live comradeship between Government and Workers.

God Bless All Workers.

God Bless us All.