

A BILL

entitled

PENSIONS (INCREASE) AMENDMENT AND SUSPENSION ACT 2014

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WHEREAS it is expedient to amend the Pensions (Increase) Act 1972, suspend the operation of section 2 of that Act and make consequential amendments;

Be it enacted by The Queen's Most Excellent Majesty, by and with the advice and consent of the Senate and the House of Assembly of Bermuda, and by the authority of the same, as follows:

Citation

1 This Act may be cited as the Pensions (Increase) Amendment and Suspension Act 2014.

Amends section 1

2 In section 1 of the Pensions (Increase) Act 1972 ("the principal Act"), delete the definition of "pension" and substitute—

“pension” means the amount paid to any person out of the funds of Bermuda by way of pension or pension allowance under the Public Service Superannuation Act 1981 (or any Act repealed by that Act), the Ministers and Members of the Legislature (Salaries and Pensions) Act 1975 and includes an ex gratia payment made under the Ex Gratia Payments Act 1983.”

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Suspends section 2

3 (1) Section 2 of the principal Act is suspended from 27 June 2014 until such time as the Minister of Finance revokes the suspension by order.

(2) An order under subsection (1) shall be subject to the affirmative resolution procedure.

Amends section 4

4 In section 4 of the principal Act, delete paragraph (a) and substitute—

“(a) in the case of any amount payable to any person by way of pension or pension allowance under the Public Service Superannuation Act 1981 (or any Act repealed by that Act), on the Public Service Superannuation Fund established by the Public Treasury (Administration and Payments) Act 1969;”.

Repeals section 5

5 Section 5 of the principal Act is repealed.

Consequential amendments

6 (1) In section 3 of the Public Service Superannuation Act 1981, subsections (4) and (5) are repealed.

(2) Section 4 of the Ex Gratia Payments Act 1983 is repealed.

Commencement

7 This Act shall be deemed to have come into operation on 27 June 2014.

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EXPLANATORY MEMORANDUM

This Bill seeks to amend the Pensions (Increase) Act 1972 (“the principal Act”), suspend the operation of section 2 of that Act, and make consequential amendments to the Public Service Superannuation Act 1981 (“the 1981 Act”) and the Ex Gratia Payments Act 1983.

Clause 1 is self-explanatory.

Clause 2 replaces the definition of “pension” in section 1 of the principal Act by removing references to Acts which have been repealed and by inserting a reference to the 1981 Act. This means that the principal Act will apply directly to pensions to which the 1981 Act applies (payable to former government employees etc) rather than via the application of the principal Act by section 3(4) of the 1981 Act (which is repealed in consequence by clause 6). The principal Act will continue to apply to pensions under the Ministers and Members of the Legislature (Salaries and Pensions) Act 1975 and ex gratia payments made under the Ex Gratia Payments Act 1983.

Section 2 of the principal Act requires the Minister of Finance to review the rates of pensions to which the Act applies after 30 June in every second year against any rise in the cost of living during the previous two years, and to make an order increasing the rates of those pensions if the cost of living has increased by half of one per cent or more. Clause 3 suspends section 2 of the principal Act from 27 June 2014 until such time as the Minister of Finance revokes the suspension by order. Accordingly, the Minister will not be under a duty to review the rates of pensions against any rise in the cost of living for the two-year period ending on 30 June 2014 nor for any future period until he revokes the suspension by order subject to the affirmative resolution procedure.

Clause 4 makes a consequential amendment to section 4 of the principal Act to reflect the new definition of “pension” in section 1.

Clause 5 repeals section 5 of the principal Act which is redundant since the definition of “pension” in section 1 provides that ex gratia payments made under the Ex Gratia Payments Act 1983 are included.

Clause 6 makes consequential amendments. Subsection (1) repeals section 3(4) and (5) of the 1981 Act (which provide for the application of section 2 of the principal Act) in consequence of the amended definition of “pension” inserted into section 1 of the principal Act by clause 2. Subsection (2) repeals section 4 of the Ex Gratia Payments Act 1983 (which also provides for the application of section 2 of the principal Act) which is redundant since ex gratia payments made under that Act are included in the definition of “pension” in section 1 of the principal Act.

Clause 7 provides for commencement on 27 June 2014.