



ZANZIBAR SOCIAL SECURITY FUND ACT, 1998.

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ACT NO. 2 OF 1998.

I ASSENT

Salim Amour

SALMIN AMOUR
PRESIDENT OF ZANZIBAR
AND CHAIRMAN OF
THE REVOLUTIONARY COUNCIL

12th March1998.

AN ACT TO ESTABLISH THE ZANZIBAR SOCIAL SECURITY
FUND AND TO PROVIDE FOR OTHER MATTERS
RELATED TO THE FUND

ENACTED by the House of Representatives of Zanzibar.

PART I
PRELIMINARY PROVISIONS

1. This Act may be cited as the Zanzibar Social Security Fund Act, 1998 and shall come into operation on such date as the Minister may by notice in the Gazette appoint.
2. In this Act, unless the context otherwise requires:
"Board" means the Board of Trustees of the Zanzibar Social Security Fund;
"employee" means any person who:-

Short title and
commencement

Interpretations



- a) is employed under any contract of service or apprenticeship with an employer and includes self employed;
- b) is declared by the Minister, by the notification in the Gazette, to be an employee, for the purpose of this Act.

"Fund" means the Zanzibar Social Security Fund established under Section 3 of this Act.

"Member of the Fund" means an employee who is contributing to the Fund established by section 3 of this Act and the Minimum period of contribution is 5 years;

"Minister" means the Minister for the time being responsible for matters relating to finance;

"Month" means a calendar month;

"President" means the President of Zanzibar and Chairman of the Revolutionary Council;

"Pensionable age" means the age of fifty five years for a male member of the Fund and fifty years for a female member.

"Salary" means gross salary.

"child" means a person who is less than eighteen years (18) of age.

PART II ESTABLISHMENT OF THE ZANZIBAR SOCIAL SECURITY FUND

3. (1) There is hereby established a Fund to be known as The Zanzibar Social Security Fund into which there shall be paid all contributions and all other payments made in accordance with the provisions of this Act and out of which there shall be paid all benefits and other payments required by this Act.
- (2) The Fund shall be a body corporate having a permanent Succession and a common seal, and may sue or be sued in its corporate name and may in connection with its functions under this Act purchase, hold, manage and dispose, of any property, enter into contracts and do or suffer all such other things as bodies corporate may

Establishment
of the Fund



lawfully do or suffer.

- (3) The governing body of the Fund shall be the Board of Trustees.

4. The functions of the Fund shall be:

Functions of the Fund

- (a) to receive all the contributions and other moneys which are required to be paid into the Fund,
- (b) to keep and maintain register for all members contribution to the Fund and any other register that the Board may advise;
- (c) to establish and maintain records for each member in respect of all payments made by way of contribution;
- (d) to invest the moneys collected in the form of contribution etc.;
- (e) to pay benefits to members or their dependants in accordance with the provisions of this Act;
- (f) to manage and administer the contributions in accordance with the provisions of this Act;
- (g) to do all such acts and things and to enter into all such transactions as in the opinion of the Board may be necessary for the proper and efficient administration of the Fund.

PART III REGISTRATION AND CONTRIBUTIONS TO THE FUND

- 5
- (1) Every member shall pay to the Fund five per centum of his monthly salary and the employer of such employee shall deduct such contributions from his monthly salary.
 - (2) Every employer shall pay to the Fund ten per centum calculated on the total salary paid during that month to the employee.
 - (3) Both member and the employer contributions shall be paid to the Fund by the Employer within fifteen days after the end of the month to which such contributions relate.

Contributions to
the Fund



- (4) Where salary payable by employer to an employee is at intervals of less than a month or greater than a month, the provision of this section shall apply as if such employee were entitled to monthly payments.

- 6 (1) When the Minister announces the effective date of commencement of operation of this Act, the employer to whom this section applies shall:

Registration

- a) register himself in the prescribed manner as a contributing employer to the Fund within fourteen days from the date of announcement or fourteen days from the date of commencement of employers business;
- b) register all his employees in the prescribed manner for membership of the fund within fourteen days from the date of commencement of operation of this Act or fourteen days from the date of employment.

- (2) Regulations shall provide for the cancellation of registration of any person as a contributing employer upon his making application in the prescribed manner, and upon his satisfying such conditions as may be prescribed to be an employer of persons or his employees permitted to be registered as members of the Fund.

- (3) Any person who fails to comply with any of the provisions of this section shall be guilty of an offence and shall be liable to a fine of one million shillings or imprisonment for a term of one year or both.

7. The contributions collected by the Fund shall, subject to any general direction of the Board, be deposited in a bank or banks duly licensed under the provisions of the law.

Banking of contributions

8. Subject to sub-section (1) of Section 10 of this Act, any surplus remaining in the Fund shall be held on deposit by the Fund or invested in such manner as the Board may approve after considering:-
- a) the need for an appropriate level of liquidity of the Fund;
 - b) the need to secure a reasonable return on the investments;
 - c) any advice and guidance the Minister shall provide on the investments.

Investment of contributions



9. (1) Where an employer :-

- (a) fails to make the deductions or fails to deduct the correct amount of contributions which should have been deducted as required under Section 5 (1) of this Act;
- (b) fails to pay the whole of his contributions to the Fund as required under subsection (2) of section 5 of this Act; or
- (c) fails to remit to the Fund the amount of any deductions within fifteen days as prescribed under sub section (3) of section 5 of this Act;

Penalty for failure to deduct or and remit

the employer shall become liable to pay a penalty equal to the existing Treasury Bill rate on the total amount of all contributions not so paid to the Fund by him.

- (2) In case to which Sub-section (1) of this section, where any amount of contributions is still unpaid three months after the due date an interest of five per centum shall be immediately become due and payable on the amount and similar interest shall so become due and payable at the expiration of each succeeding period of three months on any amount of contributions still unpaid at each such expiration.

10 (1) All expenses incurred in carrying this Act into effect and in connection with the administration of the Fund shall be paid out of the moneys of the Fund.

Subvention from the Government

- (2) If the Fund is at anytime unable to pay any sum which is required to be paid under the provisions of this Act, the sum required shall be advanced to the Fund by the Government and the Fund shall as soon as practicable repay to the government the sum so advanced.

PART IV BENEFITS

11. The Zanzibar Social Security Fund shall have the following Benefits :-

Benefit under the Fund

- a) old age benefit comprising of Pension and Gratuity;
- b) survivors benefit for dependents;
- c) maternity benefit;
- d) invalidity benefit;
- e) medical care benefit.
- f) and other benefits that the Board may approve.



12. (1) If default is made in complying with section 15 of this Act, the claimant who is in default shall be guilty of an offence. Offence
- (2) For avoidance of doubt any person who makes default shall be liable to a fine of one million Shillings or imprisonment for a term of one year or both.
13. (1) Any organization that desires the Minister to certify exemption shall apply in the prescribed form through the Managing Director of the Fund within 14 days of the commencement of this Act. Exemptions
- (2) No stamp duty shall be chargeable under the Stamp Duty Act, in respect of any transaction made by any person on behalf of the Fund or in favour of the Fund or in respect of the payment of any benefit or the refund of contributions under this Act.
- (3) Any benefit paid under this Act shall be exempted from Income tax.
14. If at any time the benefits provided by an employer under the exempted scheme ceases in the opinion and findings of the Managing Director, that shall be considered as favourable as those provided under the Zanzibar Social Security Fund or the Managing Director is not satisfied with the management of any exempted scheme or Fund, the Managing Director shall advise the Minister to revoke the exemption granted under section 13 (1) of this Act. Revocation
15. (1) A member shall be entitled to receive pension or gratuity in one of the following conditions :- Entitlement of Fund benefits
- (a) Immediately on retiring after attaining pensionable age;
- (b) On medical evidence to the satisfaction of the Board that an employee is permanently disabled;
- (c) On death of the member;
- (d) On retirement from the service with the consent of or on the directions of the President where the President, by writing under his hand, declares this paragraph shall apply to him.
- (2) A female member shall be entitled to receive maternity benefit once in every three years.
- (3) A member shall be entitled to receive medical care benefit in accordance with the limit provided in the First schedule.



16. (1) No pension or gratuity shall be payable under this Act to any person :-

Service not
Qualifying for
Pension and gratuity

- (a) whose period of contribution is less than five years;
 - (b) while on probation unless immediately following such period of probation, the member shall have been confirmed in his appointment ;
 - (c) while he was absent from duty on leave without pay unless it is established by the Managing Director that such leave was granted on grounds of public policy and that the employer undertakes to pay into the Fund both the employee's and the employer's contributions for the period the employee was so absent.
 - (d) A member who attains pensionable age and retires before completion of five years of contribution to the Fund, his contribution shall be refunded.
- (2) Any employee or member who dies within a period of five years after the commencement of this Act regardless of his Contribution to the Fund:
- a) his contributions shall be refunded to the beneficiaries or legal personal representatives in accordance with the paragraph 7 of the General provisions of this Act.
 - b) his pension and other benefits shall be paid to his beneficiaries or legal personal representatives under the Pension Act No.2 of 1990 as if this Act had not been enacted.

17. A member who is entitled to Fund benefits under section 15 of this Act shall be paid in accordance with the rates and conditions specified in the First Schedule of this Act.

Rates of
benefits

PART V

ESTABLISHMENT AND CONSTITUTION OF THE BOARD.

18. (1) There is hereby established a Board to be called the Board of Trustees of Zanzibar Social Security Fund.

Composition of
the Board

(2) The Board of Trustees shall consist of:-

- (a) a Chairman who shall be appointed by the President;
- (b) two members representing employers shall be appointed after consultations with such associations of employers or Bodies as appear to the Minister to be representative of employers,
- (c) one member representing employees who shall be



- appointed by the Minister;
- (d) any other two members appointed at the discretion of the Minister;
 - (e) the Managing Director of the Fund.
 - (f) secretary of the Board shall be appointed by the Board.
- (3) The provisions of the Second Schedule to this Act shall set the procedures governing the Board.
- (4) Any member of the Board shall be appointed for a term of three years but nothing shall prevent the Minister from re-appointing any member of the Board upon the expiry of his term of office.
- (5) Where a member absents himself from three consecutive meetings of the Board without reasonable excuse acceptable to the chairman the Board shall advise the Minister of the fact and the Minister may terminate the appointment of such a member and appoint another member in his place.
- (6) The quorum for the Board meeting shall be not less than half of the members.
- (7) The Board shall have powers to set rules for the conduct of its proceedings
- (8) A member of the Board shall not communicate or reveal on any matter which shall be brought under his consideration or shall become known to him as a member of the Board.
- 19 The Board shall have the following functions;
- (a) to be the Trustee of the Fund;
 - (b) to supervise the management and administration of the Fund;
 - (c) to advise the Minister on matters relating to the administration of this Act;
 - (d) to see that members get their benefits when they are due for payments;
 - (e) to protect safeguard and promote the interests of the members of the Fund;
 - (f) to approve the budget, scheme of service and investments.
 - (g) to do any other thing which is incidental to this Act.
20. (1) The Board shall have powers to engage and appoint appropriate staff consisting of such officers and supporting staff as in the opinion of the Board are necessary for the purpose of carrying out the provisions of this Act.
- (2) The Board shall have powers to appoint an authorized Auditor to audit and certify the accounts of the Fund.

Functions of
the Board

Power of
the Board



21. (1) The Board may, appoint inspectors for the purpose of this Act.
- (2) An inspector under this Act, if he has reasonable cause to believe that there are employees on any premises who are registrable, or in respect of whom contributions are payable under this Act may, on production of a certificate under the hand of the Managing Director of his appointment as an inspector or as all reasonable times on the premises or place and there make any examination and inquiry necessary to obtain information for the purposes of this Act.
- (3) An inspector may, in the performance of his duties, require any employer to produce any employee, employed by him and any documents relating to contributions or liability to contribute to the Fund, for inspection by him on such premises or place.
- (4) For the purposes of this section:-
"document" means any matter expressed or described upon any substance by means of letters, figures or marks, or by more than one of those, intended to be used or may be used for the purpose of recording the same;
"premises" means any building or other erection used for the purpose of business, but does not include a dwelling used exclusively for residential purposes.
22. (1) There shall be appointed a Managing Director and other officers as may be necessary for the proper and efficient administration of this Act. The Managing Director shall be appointed by the President.
- (2) The Managing Director shall be responsible for the determination of liability to the contribution payments and claims for benefit payments.
- (3) All claims shall be determined by the Managing Director.

Inspectors

Appointment of the
Managing Director

PART VI MISCELLANEOUS PROVISIONS

23. The Managing Director shall within six months after the end of each Financial Year, make a report to the Board on the operation of the Fund during that Financial Year, and the Board shall keep a copy of such report to the Minister.

Report of the
Managing Director



24. Every Officer and every other person employed in carrying out the provisions of this Act shall record and deal with all documents and information relating to the contributions of members and all confidential instructions in respect of the administration of this Act which may come into his possession or his knowledge in the course of his duties as secret.

Official secrecy.

25. (1) Any officer or any other person employed in carrying out the provisions of this Act who :-

Offences by or
in relation to officers

- (a) directly or indirectly asks for, or takes, in connection with any of his duties any payment or reward not being a payment or reward which he/she is lawfully entitled to receive; or
- (b) enters into an agreement to do or abstains from doing, permit, conceal or connive at, any act whereby the payments may become fraudulent or which is contrary to the provisions of this Act.

Shall be guilty of an offence and shall be liable to a penalty under subsection (2) of section 12 of this Act.

- (2) Any person who directly or indirectly offers or gives to any other person employee in carrying out the provisions of this Act any repayment or reward whatever whether pecuniary or otherwise, or any promise or security for any such payment shall be guilty of an offence and shall be liable to a fine under subsection (2) of section 12 of this Act.

26. The sum standing to the credit of a member of the Fund shall, until paid out in accordance with the provisions of this Act, shall remain the property of the Fund and shall not form part of the assets of that person in the event of his bankruptcy or insolvency, or be liable to attachment in settlement of or attachment to his debts.

Protection
of contributions

27. Any action for the recovery of contributions and all criminal proceedings under this Act shall be instituted by the Managing Director.

Legal
proceedings

28. A copy of an entry in the accounts of the Fund or other extract from the records of the Fund shall, when certified by the Managing Director or any other officer of the Board nominated by the Board by writing under the seal of the Board, be received in all courts as prima face evidence of the truth of the contents thereof and as the case may be, shall form the debt due to the Fund by the person concerned.

Certificates
as evidence



29. (1) The Minister shall, with the advice of the Board, make regulations for better carrying into effect the principles and provisions of this Act as follows:-
- Regulations**
- (a) prescribing the particulars, information or evidence to be furnished in respect of any question or matter arising under this Act;
 - (b) prescribing, in respect of any action required or permitted to be taken under this Act, the time and matter of taking that action and the procedures to be followed;
 - (c) regulating the manner of payment of contributions or the withdrawal of contributions paid in error or in excess of the statutory contributions;
 - (d) providing for the disposal of amounts which are unclaimed, unpaid or otherwise that may remain in the Fund.
- (2) The Minister in consultation with the Managing Director of the Fund may by regulations under this Act prepare a scheme to accommodate elderly employees re-employed after the pensionable age or after withdrawal from the Fund.
- (3) The Minister, in consultation with the Board, may amend, vary or alter the First Schedule of this Act.
30. (1) The Zanzibar National Act, No.7 of 1990, Provident Fund Act, is hereby repealed.
- Repeal of
Act No. 7 of 1990.
and No.0 of 1990**
- (2) The Pension Act, No.2 of 1990, is hereby repealed.
31. Notwithstanding the repeals made under section 30 of this Act:-
- Savings**
- a) anything done or any action taken under the repealed Acts shall in so far as it is not inconsistent with the provisions of this Act, be deemed done or taken under the corresponding provisions of this Act,
 - b) all subsidiary legislations, rules or orders made under the repealed Acts which are in force on the commencement of this Act shall be deemed to have been made under this Act and shall remain in force until revoked or rescinded by other subsidiary legislations, rules or orders made under this Act,
 - c) any legal proceedings for any offence or for the



recovery of any sum of money due under the repealed Acts is pending before any court, those proceedings may be continued and conducted.

Subject to the provisions of this Act, any employee who at the commencement of this Act has attained the age of fifty five years or forty five years in case of a female and any employee who is due to retire within a period of five years after the commencement of this Act, the retirement benefits conferred to him shall be paid under the Pension Act No. 2 of 1990.

Benefits Payment
during
transition period

GENERAL PROVISIONS

1. Every employer shall send a notice to the Managing Director of the Fund in writing where the employee who is a member of the Fund changes employment, dies or ceases the employment.
2. In the case of any or change in the employment the employer shall transfer a copy of the deductions records of such employee to the new employer.
3. Every employer shall keep record together with member's identification in a prescribed manner for each of his monthly salary and the deductions of his contribution and remittance to the Fund. These records commence from January to December of each year shall be submitted to the Managing Director of the Fund not later than 31st March of every year.
4. Any person who prevents or obstructs any officer of the Fund in the course of performance of his duties or in the exercise of his powers under this Act shall be guilty of an offence and shall be liable to pay a fine under section 12 (2) of this Act.
5. Where a member has more than one employment such Member shall have the legal obligation to notify the Managing Director of the Fund of such employments.
6. Where employer winds up his business and the employees are therefore to be terminated, the employer shall submit the up-to-date deduction particulars of his employees to the Fund.
7. For the purpose of clearing doubts under section 15 of this Act it is hereby declared that on the death of member his entitlements shall be paid to the Wakf and Trust Commission for distribution to the beneficiaries

Notice of death
of a member.

Notice of transfer

Members deduction
records

Obstruction to Fund
officer.

Member with other
employment's

Termination of
employment

Benefits of
the deceased



according to the law or to the governing body of the Community to which the deceased member belonged.

FIRST SCHEDULE

Computations of benefits

1. Pension and gratuity shall be calculated as follows :-
 - a) Full pension shall be the last month pay times number of months in service divide by thirty;
 - (b) Gratuity shall be one third of full pension times twenty;
 - (c) Monthly pension shall be one eighteenth of full pension.

The moneys contributed by members shall be for :-

| | |
|--|--------------|
| a) Retirement, Survivor's and invalidity benefit | 12.0% |
| b) Medical + Maternity | 3.0% |
| TOTAL | 15.0% |

2. The Board may allow a member to withdraw the whole Amount or part thereof standing to the credit of the member's medical account for the payment of the medical bill.
3. A member may transfer his money standing to his credit to meet his wife maternity bill or his medical bill for his wife and children.
4. Upon application for the Fund benefits under section 17 of this Act, the Managing Director being satisfied with the evidence shall authorize the payment to the applicant of such a sum as the member is entitled to withdraw from the Fund together with interest calculated up to the date of authorization. Rate of interests payable shall be fixed by the Board with the approval of the Minister.

SECOND SCHEDULE

1. (1) The Board of Trustees shall consist of :-
 - i) A Chairman who shall be an-ex -officio member
 - ii) The Managing Director who shall be an ex-officio member.
 - iii) Six other members as per details in section 18 of this Act.
- (2) In appointing the members of the Board the Minister

Composition of the Board




shall have regard to the need to appoint Persons with such qualifications and experience in business affairs, Social Security, finance, administration etc. as would enable them to contribute fully and effectively to the discharge of the functions of the Fund.

- | | | |
|----|---|--|
| 2. | In the absence of the Chairman from any meeting of the Board, the members present shall elect one of the members to be a temporary Chairman of that meeting only. | Election of the Temporary chairman |
| 3. | (1) The Managing Director shall represent the Management in the Board meetings. (2) An ordinary Board meeting shall be convened by the Chairman. (3) The notice of meeting specifying the date, place and time of the meeting shall be sent to every member at his normal/usual place of business or residence not less than fourteen days before the date of such meeting. | Procedure of the Meeting. |
| 4. | (1) The Chairman is bound to convene a special meeting of the Board, on receipt of a request in writing for such a meeting by not less than four members of the Board. (2) A fourteen days notice of the meeting shall be given to all the members of the Board in a prescribed manner. | |
| 5. | Subject to the Provisions contained in this Schedule, the Board shall regulate Proceedings as necessary on its own. | Board to regulate its own Proceedings |
| 6. | Any person who is not a member of the Board may be invited by the Chairman to attend a Board meeting and participate in the deliberations of the Board, but such a person is not entitled to vote. | Other person to attend a Board meeting |
| 7. | The tenure of appointment to the Board is three years. A member of the Board shall continue to hold office until his appointment is revoked by the appointing authority | Tenure of appointment. |
| 8. | Where a member absents himself without reasonable cause from three consecutive meetings of the Board, His appointment shall be terminated by the appointing authority at the advice of the Board. | Absence from meeting. |
| 9. | (1) At any meeting of the Board, the decision of the Board shall be construed as the decision of the majority of the members present. | Decision of the Board |



- (2) Voting shall be conducted to obtain such decision of the Board and in the event of equal Votes the Chairman in addition to his deliberative vote shall, exercise his casting vote to arrive at a conclusive decision.
10. Minutes of each Board meeting shall be kept in appropriate form which shall be confirmed by the chairman in the next meeting. **Minutes of Board meeting.**
11. The seal shall be affixed to any instrument only in the presence of the Managing Director or any other officer as appointed by the Board. **Seal**

Passed in the House of Representatives on the 9th day of February, 1998.


(KHAMIS JUMA CHANDE)
CLERK OF THE HOUSE OF REPRESENTATIVES
ZANZIBAR.