



Finance explains sh5b NIC-MUK bailout

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GOVERNMENT has explained that tax-payers' money was not touched to pay Makerere University lecturers on behalf of the National Insurance Corporation (NIC).

The secretary to the treasury, Chris Kassami, said in a statement yesterday said the sh5b the lecturers received as partial payment was from NIC and not the consolidated fund.

Kassami agreed that Parliament early this year approved sh5b for Makerere University in a supplementary budget.

He was, however, quick to say that the money was to act as a guarantee in case it was established that NIC owed Makerere less than sh16b Government would then step in to bridge the gap.

"Although the additional expenditure of sh5b was approved, no funds have been released to either Makerere or NIC," Kassami stated. "No expenditure of Government funds can be made without the authorisation of the Minister of Finance."

Kassami's explanation follows a story published recently in one of Uganda's dailies, claiming that Government had secretly paid the lecturers on behalf of the insurance company.

The daily quoted the supplementary budget, saying: "Additional funding of Sh5b is required to cater for government intervention in the dispute between Makerere University and the National Insurance Corporation."

The article also said that the finance minister, Syda Bbumba, was not aware of the payments.

Kassami on the other hand said no money could be paid secretly.

"All payments have to be authorised by a warrant signed by the Minister of Finance to the auditor general in order to draw money from the consolidated fund."

Kassami further explained that approval of supplementary expenditure did not mean a payment, but only appropriation of funds by Parliament.

For half a decade, Makerere and NIC have been embroiled in wrangles over the sh16b the corporation allegedly owes the university's staff.

The money is said to have accumulated between July 1996 and 2005, when the company operated a deposit administration plan for Makerere's staff pension scheme.

When the lecturers resolved to strike in November last year, Government undertook to mediate between the warring parties in order to establish the actual amount owed and how it would be paid by NIC.

President Yoweri Museveni also directed NIC to release sh5b as partial payment, awaiting a report on the actual amount.

Currently, the auditor general is undertaking an audit of the retirement benefits scheme to establish the contested amount.

This article can be found on-line at: <http://www.newvision.co.ug/D/8/13/744281>

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