

The Challenges of Pension Benefits Facing the Construction Industry Pension Fund in Zimbabwe

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Abstract: This study was conducted in order to find out the reasons why the Pension Fund of the construction industry was facing a lot of challenges which started from collection and remittance of members' contributions up to the actual payment of the benefits usually at retirement. This problem was manifested by the economic challenges in the construction industry which had culminated in a number of company closures, massive lay-offs (retrenchments), failure to pay workers and lack of transparency and accountability on pension contributions (premiums). Related literature covered the benefits and problems of pension funds, challenges facing Zimbabwe's construction industry which affected the Pension Fund. The study used both the qualitative and quantitative approaches based on a survey design. The target population comprised all those employed in the construction industry in Harare, including its National Employment Council (NEC) and the Pension Fund. Those in Management positions like engineers were also included. The quota sampling technique was used culminating in a sample size of 33 respondents who actually completed a semi structured questionnaire to embrace both qualitative and quantitative data. Some of the major findings were that; there were a lot of inconsistencies in the construction industry on the administration of pension subscriptions and their subsequent remittance to the NEC and ultimately to the Pension fund. There were so much delays which affected the operations of the Pension Fund such as quick disbursement of the pension to the beneficiaries (those retired). Low revenue inflows to the Pension Fund was also attributable to the general economic hardships as evidenced by lots of company closures and retrenchments coupled with numerous labour disputes. A number of large companies particularly the Chinese ones were not complying with the Pension and Provident Fund as they were not contributing to the Pension fund. The study recommended that there was need to create a Pension Protection Fund for the Pension Fund to cushion it against economic turbulence. The Pension Fund should collect directly from employers without having to get remittances from the NEC. There was also need to reinforce sound corporate governance as well as upgrading properties in order to fetch meaningful rentals and reduce currently low occupancy rate in order to boost the Pension Fund from properties (investments). There was also need to amend the Pension and Provident Fund and to enforce that all companies particularly Chinese ones contributed to the Pension Fund.

Key terms; Construction industry, labour relations, National Employment Council, Pension, Pension Fund

Definition of key terms.

Construction Industry- Sector of national economy engaged in preparation of land and construction, alteration, and repair of buildings, structures, and other real property

Labour relations- forms of relationship between employees and employers regarding the contract of employment.

NEC-National Employment Council- a coalition body of workers' representatives (trade union) and employers' representatives (employers' association) that administers labour issues in a sector or industry. In this case, the construction industry.

Pension Pension- a fund into which a sum of money is added during an employee's employment years, and from which payments are drawn to support the person's retirement from work in the form of periodic payments.

Pension Fund Pension fund - An organisation that administers all the pension contributions on behalf of the construction industry.

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I. Background to the study

The construction industry in Zimbabwe is one of the biggest sectors which is very pivotal to the success of the economy. The industry involves use of engineering, heavy equipment and contemporary technology in order to put up infrastructure such as buildings (work premises, offices, houses, sporting (e.g. stadiums) and entertainment facilities (halls), roads, bridges, sewer and reticulation system, maintenance works, public lighting, railways etc. as well as maintenance work. The industry falls under the Ministry of Public

construction and National housing. The workers and employers in this industry negotiate labour relations issues through the National Employment Councils to which they are affiliated namely, Builders Association of Zimbabwe, and the Construction Federation of Zimbabwe Public Works. The labour relations of late in this sector have been characterised by a number of labour disputes which include no adjustments to low wages and salaries (below poverty datum line), worker retrenchments (lay-offs) as part of downsizing and the three months' notice termination, erratic salary payments, failure to pay agreed rates and pensions. There have been numerous cases of litigation and that has affected the operations of the NECs.

The construction industry Pension fund is a contribution pension fund formed in 1952 to provide for pensions for workers in the construction industry. It is funded by both employee and employer contribution who each contribute 50% each of the contributions. It is run by a board of trustees that constitutes of 50% representation of employers and employees. The fund owns assets in the form of buildings which include construction house and other buildings in Bulawayo and Mutare other assets are in the stock and money markets. The construction industry Pension fund is bedevilled by a lot of challenges which is affecting the welfare of its pensioners. The pensions that employees receive on retirement are not able to sustain the lives of the pensioners as they are too little. The member's expectation and what they eventually get is different. Majority of the Employers deduct contributions but do not submit them to the Pension fund or they delay to submit them. The fund's day to day administration costs are too high to an extent that more than 50% of contributions received are chewed up by administration costs before they are invested. Furthermore, the Contributions are collected via a third party, the National Employment Council which retains a whopping 10% as their administration fees. The economic situation has also hurt the fund's ability to make long term investment in the property sector. The economic conditions have precipitated a fall in stock market prices and a low uptake of the fund's property rentable space. The Look east policy by government has resulted in the awarding of contracts to the Chinese companies who do not comply with the rules of submitting pension contributions and at the same time they bring a lot of their nationals for employment at the expense of locals.

The National Employment Council (NEC) which collects contributions on behalf of the fund appeared not to be transparent on how much was collected and how much it then remits to the Pension Fund. There was a loss of value in pensions due to the inflation that occurred in 2008/2009 which culminated in dissatisfaction on the translation value when the multi-currency system was introduced in 2009.

II Statement of the problem

The construction industry Pension fund has been facing a lot of challenges ranging from economic factors to unethical conduct by the Employers and the National Employment Council. The pensioners have suffered at the end of the day and their intended lifelong benefits (pensions) have become so insignificant despite having made contributions which are usually not remitted to the Pension Fund. As a result, both the Pension fund administrators and the pensioners are so disgruntled.

It is against this background that this study intended to investigate the real issues affecting the operations of the Construction Industry Pension Fund.

III Objectives of the study

This study intended

- (i) To find out the level of compliance by employers on handling of premium remittances (pension contributions).
- (ii) To establish the level of transparency in the collection of premiums and subsequent submission to the Pension Fund by the NEC.
- (iii) To assess the adequacy of returns on the investments from using the Pension Fund.
- (iv) To establish the major challenges affecting the Pension Fund.

III Research questions

The study was premised on the following sub-problems.

- (i) What is the level of compliance by employers on handling of premium remittances?
- (ii) What is the level of transparency in the collection of premiums and subsequent submission to the Pension Fund by the NEC?
- (iii) How adequate are the returns on the investments from using the Pension Fund?
- (iv) Which are the major challenges affecting the Pension Fund?
- (iv) What should be done to improve the Pension Fund in order to improve the welfare of pensioners?

IV Literature Review

4.1 Conceptual framework

4.1.1 Theory of insurance

A more refined approach to national insurance is derived from the Theory of insurance (Blanchard and Fischer, 2009, 1989). Pensions contain an element of insurance because they are paid when the individual is still alive, thus insuring him or her against the uncertainty of his life span. Without this insurance, the individual would have to plan his consumption out of his assets in the knowledge that he will bequeath an involuntary inheritance. The market for annuities of insurance companies is imperfect due to the asymmetry of information available to the individual and the insurance companies with respect to the life expectancy. Government intervention is therefore required, in the form of universal insurance through a universal pension programme. In this context, (Blanchard and Fischer, 2009; Abel, 2007) examines the effect of an insurance scheme with funded financing and finds that the economy's capital stock will decrease.

Pension programmes are commonly discussed under three tiers or pillars (Abel, 2007).

- (i) The first is universal and is designed to provide a minimum income on retirement.
- (ii) The second is a pension programme at the enterprise or firm level, which is designed to provide for a level of consumption close to that enjoyed by the worker during his working life.
- (iii) The third level is private saving for a pension.

4.2 Collective Bargaining Agreement (2010) on the Pension Fund for the National Employment Council for the construction industry of Zimbabwe

This was made and entered into in accordance with the provisions of the Labour Act, [Chapter 28:01], between the Construction Industry Federation of Zimbabwe and the Zimbabwe Building Contractors Association (the employers or the employers' organisations) of the one part, and the Zimbabwe Construction and Allied Trades Workers' Union (the employees or trade union), of the other part being the parties to the National Employment Council for the Construction Industry of Zimbabwe operational in May 2010.

4.3 The Construction Industry Pension Fund

4.3.1 Overview

The Construction Industry Pension Fund, which is a self-administered pension fund, established in terms of Rhodesia Government Notice 509 of 1969, consists of-

- (i) contributions and deductions paid to the fund in accordance with the provisions of this agreement;
- (ii) all other assets of the fund from time to time acquired or held by or on account of the fund.

4.3.2 Objects

The objects for which the fund is established are to provide for payment of pensions and death benefits in accordance with the rules and to enable employers, should they wish to do so, to provide past-service pension benefits for their employees.

4.5.3 Membership

(1) The members of the fund consist of-

- (a) all eligible employees who were members of the fund at the date of promulgation of this agreement; and
- (b) all eligible employees and all new eligible employees from whom compulsory membership of the fund is a condition of employment in terms of this agreement; and
- (c) any other person whom the trustees may admit to membership in terms of sub clause (2) of this clause. The clause states that the trustees may admit to membership any person of the age not less than sixteen years nor more than sixty years, who is permanently engaged in the industry in any capacity other than that of employee.

Membership for the Pension fund in the Construction industry seemed to be affected by a number of companies which are not registered with the NEC which collects the premiums such as a lot of Chinese firms.

4.5.4 Deductions and Contributions

According to the agreement;

- (i) For the purpose of subscribing to the fund, an employer should deduct an amount equivalent to five *per centum* from the weekly or monthly wage of every employee who is a member of the fund.
- (ii) Every employer should forward to the council all monies payable in accordance with the provisions of this clause, together with a statement in a form approved by the council, not later than ten days after the end of the week to which the deductions and contributions refer.
- (iii) All deductions and contributions received by the Secretary in terms of this clause shall, on their receipt, be paid over to the Trustees who shall administer and apply the same in accordance with this agreement and the rules.
- (iv) If any deductions or contributions due by an employer are not paid over in accordance with the requirements of this clause, the Trustees shall have the power to take such action and to impose such penalties as they shall in their discretion, think necessary for the purpose of securing payment of such

deductions and contributions. Provided that if any deductions or contributions due by an employer are not paid over within fourteen days from the end of the calendar month in respect of which the contributions are payable and that failure to pay the contributions timeously to the fund shall render the employer liable to pay the contributions together with interest not exceeding the Reserve Bank of Zimbabwe unsecured ongoing rate, the Manager or the Chairman of the Board of Trustees as the case may be shall report the failure to the Commissioner forthwith.

- (v) Employers shall be obliged to ensure that all eligible employees in their employ become members of the fund as from the date when they are required to do so in terms of clause 8 of this agreement, and if it is found that an eligible employee is not a member of the fund his employer shall, upon demand by the Trustees, pay in one lump sum all arrears of deductions and contributions in respect of such employee which would have accrued to the fund had the employee become a member of the fund upon the date when, in terms of clause 8 of this agreement, he was required to do. It shall be a condition of employment in terms of this agreement that all new eligible employees shall become members of the fund with effect from the date of commencement of their employment.

This section is violated by a lot of firms especially the Chinese ones, majority of which do not comply as their workers are registered and therefore do not contribute any pension.

4.5.5 Appointment of Trustees

The council, on the recommendation of the employee representatives and employer representatives shall appoint a Board of Trustees which shall consist of nine persons who shall hold office for such period as the council shall decide. Of the eight trustees, four shall be recommended by employee members and four by participating employers with an independent chairman appointed by council. The Manager shall not be Chairman. The council may increase the number of trustees providing that not less than one half of the trustees are elected by members.

It would appear that the appointment of the Board of trustees is not properly constituted as per above requirements and this could be one of the reasons that could be affecting the operations of the Pension Fund in terms of efficiency, transparency and accountability, that is corporate governance issues.

Functions and Duties of Trustees

- (i) The Trustees shall be responsible for the fund and the assets thereof upon trust, to manage and administer the same in accordance with the rules and the provisions of the agreement, as amended from time to time.
(ii) The trustees shall appoint **an Investment Committee** comprising the Chairman, four trustees, one with financial expertise, the Manager and the Financial Controller of the fund. The committee shall meet at least once in every three months.

4.5.6 The functions of the Investment Committee shall be –

- (i) to examine and make recommendations on investment proposals presented by the Manager to the Board of Trustees;
(ii) to set out investment guidelines to be observed by management in respect of all investments; the Board of Trustees may disagree with the recommendations of the investment committee and a decision made by majority vote.

4.6 Rules of the construction industry Pension Fund

The rules are governed by The Pension and Provident Funds Act [Chapter 24:09] and entails the following;

4.6.1 Continuation of membership

- (1) Each member shall be bound to remain a member of the fund during the term or terms of his employment by an employer or of his engagement in the industry up to the date of his retirement age unless he becomes a member of another registered pension fund with superior benefits established for the benefit of employees of that participating employer.
(2) Each employee shall cease to be member when he ceases to be employed or engaged in the industry. It shall, however, be at the discretion of the employer, in consultation with the member to retain the member in his employment after such member has reached retirement age

4.6.2 Normal Retirement Date

The normal retirement date for each member will be the first day of the month next following his attainment of age sixty.

4.6.3 Pension on Retirement

Before retirement date with the consent of the employer, a member who has completed fifteen years' service will have the option of retiring on the first day of any month which is ten years or less prior to the normal retirement date. In such event, the member will receive a reduced pension equal to an amount representing the

deductions from the member's wages and the employer's contributions made. The early retirement date shall not be earlier than the member's fifty-fifth birthday unless retirement is for health reasons.

4.6.4 Amount of pension

(1) The actual amount of pension at normal retirement date purchased by each year's deductions and contributions shall depend upon the age of the member at the date of purchase and upon the amount of the deductions and contributions made in terms of clause 9 of the agreement and shall be determined in accordance with Annexure A (see Appendix 2). In the case of members retiring before or after the normal retirement dates their pensions shall be determined in accordance with Annexure B and C, respectively.

(2) If for whatsoever reason the benefits payable are not paid on time the benefit due shall be paid together with interest not exceeding the Reserve Bank of Zimbabwe unsecured ongoing rate calculated from the date of entitlement to the date of payment.

4.6.5 Death benefits

Members are entitled to the following death benefits-

(a) if a member dies before retirement there shall be payable on the death of a member a lump sum amount equal to the joint accumulated contributions with the provision that, if a member is a contributing member, the amount paid shall not be less than-

(i) in the case where a member has paid contributions for fewer than 60 months, the member's annual pensionable emoluments at the time of death; or

(ii) in the case where a member has paid contributions for 60 months or more, double the member's annual pensionable emoluments at the time of death.

4.6.6 Beneficiaries

On the death of a member or pensioner the benefits payable from the Fund shall be paid to the following person in the following order-

(a) to his surviving spouse; or

(b) if he leaves no surviving spouse to his dependent children; or

(c) if he leaves no surviving spouse or dependent children, to any dependent; or

(d) if he leaves no surviving spouse, dependent children or other dependent to his nominee; or

(e) if he leaves no surviving spouse, dependent children, dependent or nominee to his estate:

Provided that where a member dies and leaves more than one registered surviving spouse any benefits due shall be apportioned between all the registered surviving spouses in equal shares.

4.6.7 Forfeiture of benefits

If, within a period of three years from the date of the termination of a member's employment in the industry, the member shall not have made application of an amount due to him from the fund or despite all reasonable efforts by the trustees, his whereabouts have not been traced or if, within a period of two years from the date of the member's death evidence of death to the satisfaction of the trustees has not been produced, despite all reasonable efforts, the member's named beneficiary or heirs has not been traced, then, and in any such event amount shall be forfeited to and become part of the fund.

4.6.7 Settlement of disputes

In the event of any dispute between the Fund and a member or former member, or any person deriving a claim from a member, about any matter these rules, or the interpretation thereof, such dispute shall be decided by the Trustees, provided that the member or former member or person deriving a claim as aforesaid, if dissatisfied with the decision of the Trustees, may by notice in writing to the Trustees delivered not later than fourteen days after receipt of written advice of the Trustees' decision, require the dispute to be referred to the Council.

The Trustees may themselves moreover, instead of giving a decision in the dispute, refer the matter to the Council. The decision of the Council shall be final and binding on all parties to the dispute.

In deciding any question of fact, the Trustees, or the Council when a dispute is referred to them may act upon such evidence as is deemed adequate.

4.6.8 Decision of the board

In the event of any matter arising not covered by these rules the decision of the board shall be final and binding on all parties affected.

Most of the issues raised above seemed to be cosmetic but not complied with, hence numerous challenges bedevilling the construction industry on the pension issue.

VII Methodology

7.1 Approach

The research used the mixed methodology comprising both the Qualitative and Quantitative paradigms (Kennedy, 2009) although there was a bias towards the quantitative approach.

7.2 Target population

Comprised of workers and those in Management employed in the construction industry in Harare, including its National Employment Council (NEC) and the Pension Fund. Those technical senior positions like that of engineers were also included.

7.3 Sample size and sampling technique used

32 based on Stratified sampling in order to accommodate all key stakeholders (Khothari, 2014)

7.4 Research instruments

A semi-structured questionnaire was used to allow respondents to explain and justify themselves where open ended questions were asked in order to bring synergistic advantages of both qualitative and quantitative data (Kennedy, 2009).

7.5 Research Ethics

These were observed throughout the conduct of this study such as; getting informed consent of respondents, confidentiality, honesty and integrity (Cresswell, 2014; Porter, 2014).

7.6 Data presentation and analysis

Results were analyzed using content analysis for qualitative data and Descriptive statistics for quantitative data (Leedy&Omrod, 2016).

VIII Results and Findings

8.1 Level of compliance with Premium Remittances

Table 1: Level of Compliance

Comment	Strongly %	Agree%	Not sure%	Disagree%	Strongly disagree %
No proper details and records of their employees.	9	45	18	28	0
Money deducted not fully submitted in full to NEC or Pension fund.	9	36	9	46	0
No proper tracking system of pension contributors.	18	73	0	9	0
Employee contributions of pension and benefits well-articulated even at induction.	0	36	19	36	9
Contributions of pension by employer and employee in line with policy.	0	73	27	0	0
Policy very clear on how to administer pension and benefits.	0	82	18	0	0

These results showed that there were mixed sentiments over the manner in which pension premiums were being remitted from employers to NEC and ultimately the pension fund of the construction industry. Some felt that the money was not submitted in full, which could raise issues of funds mismanagement. However, a few were satisfied with the manner the pension contributions were being administered since the regulatory framework, the Pension and Provident Fund policy was clear on what should be done. The study showed that generally there were problems of remittances and compliance regarding pension contributions.

8.2 Transparency in Managing Pension premiums

Table 2: Level of Transparency Ratings

Comments	Strongly Agree%	Agree %	Not sure %	Disagree %	Strongly Disagree %
There is a clear database of rewards about employee contribution	0	36	36	28	0
All collected premiums submitted to pensions fund	9	9	55	27	0
All collected premiums are receipted or have invoices as proof	9	18	55	18	0
NEC makes periodic reports of payment schedules to key stakeholders	0	18	64	18	0
Each member gets annual returns of individual contributions (statement)	0	27	27	27	19
Each contributing member advised of his/her contribution at retirement or when leaving current job	0	73	9	18	0
Collection fees charged by NEC are reasonable	9	18	18	18	37

The respondents were not sure if all collected premiums were submitted to the Pension Fund and they also were not sure if receipts were issued as proof of payment. This obviously creates suspicion and mistrust. The results clearly showed that members were not given an annual statement that should have been showing payment made and cumulative totals of amount paid to date (at a particular year-end). On a positive note, members (subscribers) were informed of how much they had contributed upon retirement or when leaving their current jobs. Majority felt that the collection fees charged by the NEC were quite high and not reasonable.

The study established that there was lack of transparency in the handling of pension premiums (contributions) and that was adversely affecting the Pension Fund. Low revenue inflows in the Pension Fund affected business operations as the Fund struggled to meet its overheads and other running costs which require constant funding

8.3 Is there transparency in handling of pensions by NEC and remittance to Pensions Fund?

Table 3: Responses on whether there is Transparency

Response	%
Yes	24
No	76
Total	100

Table 3 results shows discontentment on the collection of pensions contributions by the NEC from employers and there was lack of transparency.

8.4 Reasons to justify whether there was transparency or not

One respondent had this to say

‘There is no transparency as a lot of subscribers usually queried about the handling of pension contributions. The NEC did not usually submit contribution on time and charged a high commission. Some employers submitted pension contributions without proper records depriving the Pension Fund monies for investment and interest. The failure by NEC to allow the Pension Fund to interfere with contributing companies and members is an indication of lack of transparency in the industry. Such lack of transparency usually brought a lot of mistrust between workers which is not ideal for a sound industrial relations set up’

8.5 Adequacy of the returns from Pensions Fund Investment

Table 4: Returns from Pension Fund Investment

Comment	Strongly Agree %	Agree %	Not sure %	Disagree %	Strongly disagree %
Pension Fund properties space uptake low	9	73	0	18	0
Lack of maintenance and refurbishments affecting demand and rental charges	0	18	18	64	0
Delays caused by bureaucracy to make decisions between trustees and the council	0	55	45	0	0
Under performing stock market which cause poor returns	0	55	45	0	0
Lack of investment or qualified portfolio administrators	0	9	27	64	0
Pensions contributions low to make meaningful investment	0	36	27	27	0

Table 4 results showed that returns from the Pension Fund investments were facing a lot of challenges. These included the buildings and properties meant for income generating through rentals had low uptake, as some offices were not occupied. That could have been worsened by bureaucratic tendencies on issues of investment caused by rift between Boards of trustees and the council. Others felt that the stock market was under performing with low returns. Others felt that the Pension Fund lacked qualified Financial or Investment managers. The low contributions of pensions, erratic salary payments and delays in making remittances coupled with low investment returns showed that the Pension Fund was facing serious challenges and could be the reasons behind meagre pension payments to those who would have retired. The meagre pension payments do not do any good to help improving welfare of employees which creates a bad relationship between them and the employers.

8.6 Major challenges affecting the Pensions Fund

Table 5: Major challenges

Challenges	Strongly agree %	Agree %	Not sure %	Disagree %	Strongly disagree %
Very low salaries/wages for majority resulting in small premiums	36	36	19	9	0
A growing number of Chinese companies which do not comply with pension requirements making retirees nothing to show about	45	36	0	19	0
No corporate governance by employers and NEC	27	19	54	0	0
Current economic hardships causing companies closures and retrenchments	18	45	37	0	0
Failure of industry to recover from 2007/8 hyperinflation	36	45	0	19	0

Almost all the challenges raised in the questionnaire were rated by the respondents as strongly affecting the Pension Fund. These consisted of numerous labour disputes which were affecting pension contributions, a growing number of Chinese companies which did not comply with pension requirements making retirees employed by these companies nothing to show about their entire working life. Also the industry was failing to recover from 2007/8 hyperinflation. The multiplicity of such problems do not provide sound industrial relations especially on the welfare of pensioners who feel disgruntled by their meagre earnings (Samuel and Chipunza, 2009) especially under harsh economic situation in Zimbabwe.

8.7 Other Challenges Affecting the Pensions Fund

Table 6: Other Challenges

Challenge	%
Most board of trustees members not educated about investment dynamics	58
Delays in remittance of subscriptions	70
Chinese companies not contributing to pension	61
Trade unions not helping workers	39
Poor investment with low returns e.g. Norton project	55
NEC involvement in Pension matters	52
Macro-economic challenges	58
Lack of communication	64
Boardroom squabbles	30

A number of challenges were cited by the respondents as affecting the Pensions Fund. These were delays in remittance of subscriptions to the Pension Fund, most board of trustees' members were not educated about investment dynamics and could not approve viable projects, for example, poor investment with low returns like the Norton project. The macro-economic challenges facing the entire country was also affecting the entire construction industry. Also most Chinese companies were not contributing to pension. All these results showed that the Pension Fund was severely severe cash flow problems and this was also a problem not peculiar to itself as an organization but the entire economy as highlighted in the Zimbabwe Independent of 27 May 2016 and the Ministry of Finance 2016 national budget.

VIII Conclusion

The study made the following conclusions based on each of the objectives supported by the research results and findings

8.1 Level of compliance by employers on handling of premium remittances

The study revealed that a few employers complied with the Pension and Provident Fund policy of handling premium remittances whilst majority did not comply. This showed that there were still a lot of inconsistencies in the construction industry on the administration of pension subscriptions and their subsequent remittances to the NEC and that affected the revenue base of the Pension fund.

8.2 Level of transparency in collection and submission of pension contributions by NEC to the Pension Fund

There was overwhelming evidence from the findings that there was no transparency in the manner in which pension contributions were being administered (managed) by the NEC on behalf of the Pension Fund. There were no proper documentation and feedback to the Pension Fund, which was also compounded by the NEC's failure to allow the Pension Fund to interfere with contributing companies or to collect on its own.

8.3 Adequacy of returns on the investments made by the Pension Fund

The study revealed that returns were meagre and did not help much to improve the coffers of the Pension Fund. Lack of investment was as a result of poor working relations caused by bureaucratic tendencies and rift between Board of trustees and the council. In addition, the stock market performance was depressed and there was also low uptake of rental space by prospective tenants on properties owned by the Pension Fund. The low returns or business challenges was not only peculiar to the construction industry but the entire economy.

8.4 Major challenges affecting the Pension Fund

There were lots of challenges and chief among these were; lack of registration and compliance by a number of firms particularly the Chinese owned ones, the economic hardships in the country, which had resulted in company closures and retrenchments as well as numerous labour disputes, which affected pension contributions revenue or income.

IX Recommendations

In light of the conclusions made above, the following recommendations if implemented should be able to improve the operations of the Pension Fund.\

9.1 Review of the Pension and Provident Act

The current regulatory framework governing the operations of the Pension Fund, the NEC and the employers needed to be revised so that some of the contemporary socio-economic issues are taken on board. The Pension Fund should be empowered to collect pension from the source, that is, the employer rather than the prevailing scenario in which the NEC did that and then remit to the Pension Fund. As a result, there were several delays and accountability challenges.

9.2 Mandatory Pension contributions by all firms in the construction industry

There was need to bring on board some companies which were not subscribing to the Pension Fund particularly Chinese firms. The reinforcement of this move should be enshrined in the amended Pension and Provident Act. This should also boost pension contributions from their employees to the Pension Fund.

9.3 Direct interface of Pension Fund with employers without use of the NEC as ‘middleman’

Because of lack of transparency and accountability by the NEC, there was need for a paradigm shift on the handling of the pension contributions. The Pension Fund should interface with employers and collect subscriptions from them. This will also expedite the process and make it easy to follow up and to promptly address queries.

9.4 Creation of a Pension Protection Fund

This is very necessary to avoid the 2007-2008 scenario when Zimbabwe had a hyperinflation which made pension contribution insignificant and majority did not even benefit as all what they had worked for was rendered useless. The protection fund would act to safeguard or cushion the Pension Fund so that in the event of economic macro changes, the contributors can still get what they were supposed to receive.

9.5 Sound Corporate Governance

There was need to implement corporate governance systems in the construction industry. The measures should incorporate production of financial statements and audits for transparency and accountability including records of all remittances made.

9.10 Conducting maintenance work and upgrading of buildings and other properties

As part of the investment drive, the Pension Fund should renovate most of its buildings and other properties which are dilapidated in order to give them a face lift so that they can attract tenants at reasonable rates to improve its investment strategy.

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