THE REPUBLIC OF UGANDA IN THE HIGH COURT OF UGANDA AT JINJA CIVIL SUIT NO.101 OF 2007

1. NAMPALA YAHAYA

2. MULUMBA MATHIAS

- 3. LWABANGA YUSUFU
- 4. WALUGYO HENRY
- 5. ISABIRYE BUMALI MUTAWONGA
- 6. DHANVA HADIJANI SAMUEL
- 7. SULAI LUWANO

VERSUS

BEFORE: HON. LADY JUSTICE EVA LUSWATA

JUDGMENT

1.0 Brief facts and Background

- **1.1.1**The Plaintiffs are former employees of Iganga District local Government. The Plaintiffs were all employed on permanent and pensionable terms in various capacities and departments.
- **1.1.2** By letters, all their services were terminated by the Iganga District local Government. The reason given for their termination is the review and

rationalization of local government structures to facilitate improvement and effect economy in the operations of government. It was done in October 2004 under the Implementation of the New Structures and Management of Redundancies in Local Governments Operational Guidelines (herein after referred to as Guidelines).

- **1.1.3**The plaintiffs argued that being permanent employees, they were entitled to work until the formal retirement age of sixty (60) years and that termination prior to that, was illegal. Further that, their compulsory retirement was contrary to the Local Government Act. CAP 243 (herein after referred to as the LGA) and the Public Service Guidelines. That the defendant's decision resulted into a compulsory and forceful retirement that infriged on their constitutional rights as public servants and occasioned them loss and damage.
- **1.2** The Plaintiff thus sought the following reliefs:
- a) The compulsory retirement be declared null and void.
- b) Order for reinstatement of the plaintiffs to their posts.
- c) In the alternative, special damages and general damages arising from their terminal benefits.
- d) The defendant be ordered to pay exemplary damages.
- e) Costs of the suit.
- **1.3** The defendant denied all liability or breach of the plaintiffs' contracts of employment arguing that similar to many other affected staff of Government, they were retired in accordance with the Guidelines and paid all assessed packages due to them. In addition that, any outstanding entitlements for pension and gratuity, were to be addressed by the Public Service Ministry after an audit and verification

by the Auditor General's office which was still ongoing, thereby making the suit premature.

1.4 The agreed issues by the parties are:

- a) Whether the Plaintiffs were forcefully / compulsory retired by the defendant.
- b) Whether there are any remedies available to the parties.

2.0 ISSUE ONE:

2.1 Whether the Plaintiffs were forcefully / compulsory retired by the defendant.

At the commencement of proceedings, the Court recorded the following agreed facts:-

- a) All plaintiffs were on different dates appointed in the employment of the defendant
- b) All plaintiffs were retired by the defendant on the dates indicated in their retirement notices/letters
- c) The plaintiffs admit that part but not all their severance entitlements were paid
- **2.2** The evidence adduced is that each of the plaintiffs was employed on permanent and pensionable terms and their retirement by the defendant occurred before each had clocked the retirement age of 60 years. It is stated in paragraphs 5(i-iii) of the written statement of defence that the retirement was in accordance with the law and the Guidelines, whose terms and procedures were strictly followed.
- **2.3** It is trite that an employer enjoys an unfettered right to terminate the services of an employee. However, the current position in Uganda is that, they can only do so in accordance with the law, in particular by giving due notice or payment in lieu thereof and pay all lawful entitlements that accrue to such employee. See for

example Kabandize J.B & 21 Others Vs Kampala City Council Authority HCCS NO. 1128 OF 1998 and A.M. Jabi Vs Mbale Municipal Council (1973) HCB 191. On the other hand, Article 173 (b) of the Constitution protects the tenure of office of public servants in that they can only be removed from office before retirement for just cause That provision is reproduced in Section 59 of the Local Government Act Cap (LGA).

- **2.4** The issue therefore would be whether retirement of the plaintiffs was in accordance with the law and established procedures guiding retirement of public servants.
- **2.5** It was the evidence of all eight plaintiffs that no reason was given for their compulsory retirement. That each was summoned before the Iganga District Service Commission (herein after referred to as the Commission), requested to hand over their academic qualifications to a verification panel, with no hearing ever being conducted. In their view, there would be no basis for the retirement.
- **2.6** Plaintiff's counsel comprehensively argued that the plaintiffs were appointed and served as public servants and accordingly entitled to protection of both the Constitution and Pension's Act Cap 286. He argues that being so, under section 12(1) of the Pension Act, their retirement was due when each clocked sixty years and would enjoy protection under Article 173 (b) of the Constitution.
- **2.7** There was no serious contest to the above evidence and submissions. DW1 did admit in cross examination that the Chief Administrative Officer (CAO) in place at the material time, terminated the plaintiff's services following a directive of the Commission pursuant to the implementation of the Guidelines. The thrust of the

defence is that the plaintiffs' appointment on probation and confirmation was subject to specific laws and administrative instructions from time to time passed as well as the Pension's Act.

2.8 A quotation of part of the plaintiffs' employment letters would be pertinent: it is stated that:

"The appointment is subject to the Constitution of Uganda, the Public Service Act and Regulations made thereunder, Public Service Standing Orders and <u>Administrative Instructions made from time to time</u> and the Pensions Act (Cap 281).(emphasis of this court).

2.9 Defendant's Counsel argued that going by the above terms, the plaintiffs were lawfully retired subject to the Guidelines which would be in their normative, administrative instructions. That the retirement exercise was neither compulsory nor forceful but a lawful administrative intervention by the Central Government acting through the Public Service.

3.0 My decision

- **3.1** In my view, it was well within the powers of the Government through the line Ministry to make guidelines for better administration of its work force, but this could only be done subject to Article 173 of the Constitution. That law protects any public servant from victimization or discrimination or removal from office without just cause. Therefore, were the guidelines made and effected without just cause, with particular reference to the plaintiffs?
- **3.2** By their wording, the instruments of appointment for all plaintiffs were subject to the Constitution. This would be the correct position as under Article 2, the

Constitution is the supreme law of the land with binding force on all persons and authorities, and naturally, any decisions they make. In addition, any termination would be deemed unlawful if found to be contrary to the terms and conditions of service under which the plaintiffs were employed. See for example **Obol John Vs. Gulu Municipal Council HCCS No. 81/2004**

- **3.3** Invariably, the wording of all the appointment letters is that the plaintiffs' appointment was subject to the Constitution, the Public Service Act and Regulations made there under, Public Service Standing Orders and Administrative Instructions from time to time made. **The Supreme Court in Barclays Bank of Uganda Vs. Godfrey Mubiru SCCA No. 1/1990** guided that for written service contracts, the termination of employment or service to be rendered, will depend on both the terms of the agreement and on the law applicable.
- **3.4** All the plaintiffs on the material dates of their termination, were in the service of a District authority. They are accordingly deemed to have been public officers in line with Article 175(a) of the Constitution. They were at the same time public servants. Therefore, under Section 12(1) Pension Act, CAP 286, they would attain compulsory retirement at the age of 60 years and not before. The plaintiffs' letters of appointment admitted in evidence as PEX 4,42,29,27,50,53,54 and 58 further indicate that, upon confirmation, they were admitted to permanent and pensionable terms. They would under Section 1(g) (A) Pension Act be eligible inter alia to a grant of a pension right up to the statutory age of retirement. More specifically they could be removed only for just cause.
- **3.5** DW1 admitted in cross-examination that the plaintiffs were compulsorily retired. He further agreed that it was a *'forceful retirement'* by the defendant their

employer. I note that the crucial terminology used was identical in all the retirement notices. I will for purposes of clarity reproduce the relevant portion of it here.

Dear Sir/ Madam

Re: Retirement from Public Service

Arising out of the recent reviews and rationalization of Local Government Structures to facilitate improvement and effect economy in the operations of Government business, it has not been possible to retain you in the current establishment. The District Service Commission under Min.242/2005 has therefore directed that you be compulsorily retired from the public service. The retirement takes effect from 1st February 2006......"

- **3.6** In paragraph 4 of his statement, DW1 stated that the rationalization of the Public Service was implemented through the Guidelines, which were admitted in evidence as D. Exhibit 1.
- **3.7** It is indicated as a background that at the time of their implementation, the Government of Uganda (GOU) was in the process of implementing a Public Service Reform Programme aimed at improving the efficiency and effectiveness of the Public Service which entailed rationalizing its size and structure. Such rationalization would check excesses in staffing within the Local Government establishments and ultimate redundancies. Although not specifically mentioned that certain public servants would be retired, it was mentioned that funds for retirement packages of affected staff had been sourced, and the retirement exercise would be carried out in a manner that was humane and transparent in order to avoid prejudice and victimization. It was that exercise that the plaintiffs were

subjected to. They were issued no notice of the impending notice and given no hearing before the retirement notices were issued.

- **3.8** As rightly pointed out by plaintiffs' counsel, the Guidelines were mere guidelines with no force of law. DW1 accepted as much in cross examination when he stated that their content and background is not grounded in any law and there were no minutes of the defendant that resolved to retire the plaintiffs prematurely.
- **3.9** The reason for the termination also appeared to vary. Although DW1 claims it was based on the Guidelines, it is indicated in P. Exhibit 26 that Mathias Mulumba was retired because his post had been abolished and the reason advanced in P. Exhibit 40 for Isabirye Mutawonga, is that he lacked qualifications.
- **3.10** In my view, the intentions of Government to rationalize its public service may have been well intentioned. However, in the presence of clear constitutional and other legislative provisions protecting the tenure of public servants, the passing of mere guidelines would not serve to usurp that legislation. The decision of the Court in **David Martin Nyende Vs Institute of Certified Public Accountants of Uganda HCMC NO.003 OF 2014 pages 10-11** comes to mind. It was held that

Guidelines are just guidelinesthey do not have the force of law, in that, apart from being referred to as Guidelines, it is not stated under what law and section of the law, the marker of the guidelines derive their authority to make the guidelines. They should therefore not be applied as if they had the force of law...... It is therefore the Courts view that where anybody including the respondent wishes to pass binding provisions, they need to indicate in the body of the Statutory Instrument (because it should be a Statutory Instrument which is the subsidiary *legislation) the provision in any law from which they derive their regulations or bye laws.*

- **3.11** In my view, using the guidelines as the basis for retirement of the plaintiffs would amount to their removal from office without just cause in violation of Article 173 of the Constitution. It is now well settled in our laws that if the purpose or effect of an act or omission of an authority is unconstitutional, it must be declared unconstitutional. See for example **AG Vs SalvatoryAbuki CA NO.1 of 1998.** I would conclude that the decision of the defendant to retire the plaintiffs by virtue of the guidelines was unconstitutional, and thus unlawful.
- **3.12** In their submissions, defendant's counsel raised an alternative argument that the defendant had no hand in the retirement exercise and the right parties to sue should have been the Attorney General (for the Ministry of Public Service) and/or the District Service Commission both which are bodies different and distinct of the defendant and who exercised their legal mandate independently.
- **3.13** I find no inclusion or inference to those arguments in the written statement of defence and in fact, it was an agreed fact during the scheduling, that the defendant was the plaintiffs' employer. Indeed, the letters sending the plaintiffs' into retirement were signed by Nelson K. Kisenda the CAO, of Iganga acting on the instructions of the Commission. DW1 admitted in cross examination that it is the latter, an organ under the defendant, who retired the plaintiffs. Therefore, Counsel's submissions would amount to a serious departure from the defendants' pleadings and an attempt to introduce new matters in the closing submissions.

3.14 The above, notwithstanding, the response of plaintiffs' Counsel on the matter was sound. District Service Commissions are established under Article 198(1) of the Constitution and Section 54 LGA. The Commission is created as a body of persons to carry out specific functions on behalf of the Local Government. The commission is not necessarily independent of the Local Government. Although provision is made for the independence of the Commission under the LGA, that independence is restricted to part but not all administrative functions. The decision of **Joseph Bagonza Birungi vs. Jinja District Council MA. No. 14/2006** would be instructive on this point. It was stated that; at page 12

"It is clear that the independence of the District Service Commission under section 58(1) is in respect of the discharge of its functions under s. 55 of the Local Government Act. Thus, when making appointments or conducting disciplinary proceedings etc it is not subject to the direct or control of any person or authority. This however does not make it an independent and separate body from the District. It remains part and parcel of the district but independent when executing its statutory duties."

- **3.15** On the other hand, according to Section 6(1) LGA, every Local Government is a body corporate with power to sue and be sued. The defendant was therefore the correct party to be sued and not the District Service Commission which is only an organ under it.
- **3.16** In conclusion, I agree with plaintiffs' counsel that the plaintiffs were not due for retirement. They were compulsorily and forcefully retired by the defendant. Their retirement was unconstitutional, wrongfully done and contrary to the law.

4.0 ISSUE TWO

Whether there are any remedies available to the parties.

Having resolved the first issue in favour of the plaintiffs they would be entitled to some of the remedies claimed. I will consider those reliefs in the order they were raised.

4.1 A declaration that the compulsory retirement was null and void and reinstatement of the plaintiffs to their posts in the service.

- **4.1.1** have found the retirement of the plaintiffs collectively to have been done in contrary to the Constitution and other relevant Legislation. The remedy of reinstatement would have thus been available to them. However, I find that remedy impractical for the reasons below;
- **4.1.2** The retirement of the plaintiffs took effect on 1/2/2006 a period now spanning nearly 12 years. Much may have happened during that time. I believe the restructuring process in the Public Service may have now taken root with some of their posts having changed or removed altogether. It is also evident that some (e.g. Plaintiffs No. 1, 2, 4, and 7 could have now clocked the mandatory retirement age of 60 years rendering them incapable of being reinstated. Indeed, all plaintiffs admitted to have been receiving their pension at the time the suit was filed, which would imply that they chose to proceed for retirement albeit its irregularity. I would under such circumstances decline the prayer for reinstatement of any of the plaintiffs. I will instead consider the alternative prayers for special, general and exemplary damages that may accrue from this wrongful termination.

4.2 Special damages and Terminal benefits

Upon retirement, the plaintiffs' entitlement would accrue under Sections <u>61(1)</u> and <u>(2) of the LGA</u> which puts the terms and conditions of service of Local Government staff in conformity with those prescribed by the Public Service generally. It is provided also that an employee whose services are terminated by the Council contrary to the terms and conditions shall be entitled to the following benefits:

- i. One year's gross pay in lieu of notice
- ii. Pension in accordance with the Pensions Act
- iii. Basic salary in lieu of all earned and officially carried forward leave
- iv. Severance package equivalent to six months basic pay for every completed year of service
- v. Transport expenses
- **4.2.1**Although guaranteed by statue, the plaintiff would still be enjoined to specifically plead and prove the above enrolments as special damages. See for example **Byekwaso Vrs Mohammed (1973) HCB 20** and **Omunyokol Johnson Vrs Adealbert Rutayisire & Ors HCCS No. 445/2002.** There appears to have been no claim for pension and the submissions of both counsel were in agreement on this point. I will equally make no award in that regard. The plaintiffs also admitted that some but not all their gratuity was paid. I shall also take that into consideration as I make an award.
- **4.2.2** Each plaintiff specifically pleaded their terminal and other benefits in paragraph 6 of the plaint. Much of that was expounded in the witness statements and cross examination during which pay slips were exhibited as P. Exhibits 10, 27, 32, 46, 55 and 60. Those slips indicated each plaintiff's monthly gross and net pay as of 2005. Those pay slips shall form the basis of computing the different plaintiffs''

entitlements. Dhanva Samuel and Mutawonga Isabirye adduced no pay slips but in P. Exhibit 40, it was shown that the latter was earning Shs. 282,341/= per month on date of cessation of duty.

- **4.2.3** All the plaintiffs claimed to have received only part of their severance package and all save PW3, claimed un paid gratuity. Only PW3 conceded to receiving part payment of Shs 1,350,000/=. DW1 conceded that he had no evidence to prove any of the plaintiffs was paid gratuity to which they were entitled.
- **4.3.4** I saw no serious challenge to the computations given in the plaint and evidence, save for a challenge in cross examination with regard to P. Exhibit 40, a pension form allegedly issued by the defendant and signed by her Chief Finance Officer. The contest appeared not to be the source of the form but the various crossings in it. However, Isabirye Mutawonga explained that he received the document from the CAO's office and the crossings were made by the Internal Senior Auditor. Since it was not denied that Mutawonga was legitimate employee of the defendant, the pension form would be a document originating from the defendant and computations done by her agents. I will on a balance of probabilities, admit the computations made therein.
- **4.2.4** No evidence was led to prove leave earned, or the actual places each of the plaintiffs' proceeded to immediately upon retirement. Those prayers are thus denied and instead, only the flat rate of transport is allowed. All plaintiffs admitted that they were receiving their pension, which is also not granted. Although given a chance to do so, Dhanva Samuel PW6 did not adduce conclusive documentation to prove salary arrears for the period 1999-2004. Again, no evidence was adduced to confirm his salary entitlements at the point of retirement. Since Exhibit P.47 was

not contested, a computation of his damages is to be made against his entry point salary of Shs. 620,577/= per annum.

Going by the Government pay slips adduced for each plaintiff, and in view of their statutory entitlements. I make the following awards in respect of each plaintiff:

1. NampalaYahaya.

- a) One year's gross pay in lieu of notice 338,537x 124,062,444/=
- b) Severance Package equivalent to six months basic pay for every completed year of service 338,537x 6 months x2652,811,772/=
- c) Gratuity12,227,958/=

SUB –TOTAL	69,402,174/=
LESS PACKAGE RECEIVEDSHS.6,071,222	
AMOUNT DUE SH	.63,330,952/=

2. Mulumba K.Mathias.

a) One year's gross pay in lieu of notice 655,206X12	.7,862,472/=
b) Severance Package equivalent to six months basic pay	
Pay for every completed year of service 655,206 x20=	78,624,720/=
c) Gratuity	28,933,904/=
d) Transport flat rate	.300,000/=

SUB –TOTAL SHS	115,721,096/=
LESS PACKAGE RECEIVED	10,291,236/=

/= (10m)

AMOUNT DUE SHS......105,429,860/=

3. Lwabanga Yusufu.

- a) One year's gross pay in lieu of notice 105,488X12.....1,265,856/=
- c) Gratuity......1,251,172/=

SUB –TOTAL	•••••	8,513,380/=
LESS PACKAGE RECEIVED	SHS.	1,602,688
10,467,829		

AMOUNT DUE SHS......6,910,692/=

4. Walugyo Henry.

a) One year's gross pay in lieu of notice 134,961X121,619,532/=
b) Severance Package equivalent to six months basic for every completed
year of service7,287,894/=
c) Gratuity1,713,130/=
d) Transport flat rate
SUB –TOTAL
LESS PACKAGE RECEIVED SHS. 2,059,766/=

AMOUNT DUE SHS......SHS. 8,860,790/=

5. Isabirye Bumali Mutawonga.

a) One year's gross pay in lieu of notic	ce 282,341x123,388,092/=
b) Severance Package equivalent to	six months basic pay for every
completed year of service	SHS.16,942,320/=
c) Gratuity	
d) Transport flat rate	
SUB –TOTAL	SHS.24,763,884/=
LESS PACKAGE RECEIVED	SHS. 3,754,046/=
AMOUNT DUE	SHS. 21,009,838 /=

6. Dhanva Hadijani Samuel.

a) One year's gross pay in lieu of notice	620,677/=
b) Severance Package equivalent to six m	onths basic pay for every
completed year of service.SHS	3,413,718/=
c) Gratuity	3,928,746/=
d) Transport flat rate	300000/=
SUB- TOTAL	SHS. 8,263,141
LESS PACKAGE RECEIVED OF SHS	3,430,147/=
TOTAL AMOUNT DUE	SHS. 4,832,994 /=

7. Sulai Luwano.

- a) One year's gross pay in lieu of notice 100,465x12.....1,205,580/=
- c) Gratuity......15,257,745/=

d) Transport flat rate	300,000/=
SUB –TOTAL	SHS.22,188,435/=
LESS PACKAGE RECEIVED on the sum of 1,602	2,928/=
AMOUNT DUE SHS	SHS. 20,585,507 /=

8. Lubaale Martin.

SUB –TOTAL SHS.	SHS.29,262,830/=
d)Transport flat rate	
c) Gratuity	5,258,138/=
For every completed year of service	21,549,720/=
b) Severance Package equivalent to six months basi	ic pay
a) One year's gross pay in lieu of notice 179,581x1	12 2,154,972/=

LESS PACKAGE RECEIVED IN THE SUM OF SHS. 3,997,548/= **AMOUNT DUE SHS......25,265,282/=**

5.0 2) General damages

- **5.1** The Plaintifs in addition prayed for general damages which their counsel put at a sum of Shs. 80,000,000 each for inconvenience, mental and psychological anguish and embarrassment, they suffered as a result of the wrongful termination. In addition, that that withholding of their terminal and other benefits for a period of more than 10 years should also be considered.
- **5.2** Under the circumstances of this claim, I agree with plaintiffs' counsel that the court ought to consider the inconvenience his clients have suffered owing to the unlawful withholding of their statutory entitlements for an usually long time. Justice Remmy Kasule in **Angwee Kalanga Vs. AG HCCS No. 119/2001** deemed

such deprivation to be a violation of Article 173 of the Constitution to the prejudice of a public servant.

- **5.3** In the case of **Uganda Commercial Bank Vs Deo Kigozi CACA No.21/1999,**It was held that "in assessment of the quantum of damages, courts are mainly guided by the value of the subject matter, the economic inconvenience the party may have been put through and the nature and extent of the breach or injury suffered." General damages are those that the law presumes to arise from the direct, natural or probable consequences of the act complained of by the victim, they follow the ordinary course and relate to all other terms of damages, whether pecuniary or non pecuniary. General damages would include future loss as well as damages for pain loss and suffering.
- **5.4**Terminating the plaintiff's employment must have caused them great inconvenience, anguish and embarrassment as they abruptly lost their main and for some, only source of income. Also their terminal benefits were not paid in full.
- **5.5** I find an award of Shs. 15,000.000/= for each defendant as appropriate in the circumstances.

6.0) **Exemplary damages.**

The Plaintiffs in addition prayed for exemplary damages in the sum of Shs. 20,000,000 each.

6.1 As rightly stated by counsel for the plaintiff, exemplary damages are designed to punish the defendant for the injury suffered by the plaintiff. They will be appropriate if it is proved that the defendant, a servant of Government, has or have

been oppressive, arbitrary or unconstitutional in their actions that prejudiced the plaintiff. See for example, **Rookes Vs Barnard [1964] UK HL1.**They are an exception to the rule that damages should be compensation for the injured party and are awarded to punish and deter the defendant against future similar actions. They are also given as an expression of Court outrage at the egregious, highhanded, malicious, vindictive or oppressive behavior by the defendant. See for example **Obongo & Another Vrs. Municipal Council of Kisumu(1971) EA** cited in **Ahmed Termewy Vs Awdi & Ors C. S. No. 95/2012.**

6.2. I have found that the decision by the GOU to rationalize its civil service may have been a prudent and necessary one. However, their agent the defendant, enforced it with no due regard to the law and rights of the plaintiffs. Being a public employer, the defendant ought to have been more sensitive and cautious in her action. The plaintiffs were not prior informed of their impending termination for they stated in their witness statements that they only appeared before a verification panel, and on request, handed over their academic qualifications and told to leave. Those facts were not denied by the defendant.

The nature of their retirement is that they were not given a hearing before it took effect and as a result, there was a serious violation of a myrad of their constitutional rights. Even after the retirement was effected, the defendant failed to pay the plaintiffs' terminal and other benefits in full thus leading to this action. As a local authority, the defendant abused their public position and made decisions that were arbitrary and oppressive upon the plaintiffs. In the justice of the matter, I make an award of exemplary damages of Shs. 10,000,000/= for each Plaintiff, and in addition, costs of the suit.

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7.0 In summary, judgment is entered in favour of the plaintiff as follows:-

1) Terminal and other benefits for each plaintiff as follows:-

- i. NampalaYahaya the sum of Shs. 63,330,952/=
- ii. Mulumba K. Mathias the sum of Shs. **105,429,860**/=
- iii. Lwabanga Yusuf the sum of Shs. 6,910,692/=
- iv. Walugo Henry the sum of Shs. **8,860,790**/=
- v. Isabirye Bumali Mutawonga the sum of Shs. 21,009,838/=
- vi. Dhanva Hadijani Samuel the sum of **4,832,994**/=
- vii. Sulayi Luwano the sum of Shs. 20,585,507/=
- viii. Lubaale Martin the sum of Shs. 25,265,282/=

2) General damages of Shs.**15, 000,000**/= for each plaintiff

3) Exemplary damages of Shs. **10,000,000** for each plaintiff

4) Interest on the award in (1) (2) and (3) above at (12%) per annum w.e.f the date of this judgment.

5) Costs of the suit

I so order

Eva Luswata JUDGE 06/06/2018.