

THE LOCAL GOVERNMENT (AMENDMENT)

BILL, 2014

MEMORANDUM

The object of this Bill is to amend the Local Government Act so as to provide for—

- (a) the establishment of the Local Government Equalisation Fund,
- (b) the disbursement of funds from the Fund to councils;
- (c) the deletion of the provision relating to the Government making grants and loans to councils; and
- (d) matters connected with, or incidental to, the foregoing.

M. MWENYE,
Attorney-General

N.A.B. 9, 2014

26th November, 2014

GOVERNMENT OF ZAMBIA

A BILL

ENTITLED

An Act to amend the Local Government Act.

ENACTED by the Parliament of Zambia.		Enactment
1. This Act may be cited as the Local Government (Amendment) Act, 2014, and shall be read as one with the Local Government Act, in this Act referred to as the principal Act.		Short title Cap. 281
5	2. Section <i>two</i> of the principal Act is amended by the insertion in the appropriate places of the following new definitions:	Amendment of section 2
	“ Fund ” means the Local Government Equalisation Fund established under section <i>forty-five A</i> ; and	
10	“ income tax ” means all taxes payable on the income of persons in the Republic pursuant to the Income Tax Act.	Cap 323
	3. Section <i>forty-five</i> of the principal Act is amended by the deletion of sub section (3).	Amendment of section 45
	4. The principal Act is amended by the insertion, immediately after section <i>forty-five</i> , of the following new section:	Establishment of Local Government Equalisation Fund
15	45A. (1) There is established the Local Government Equalisation Fund to which each year Parliament shall appropriate not less than five percent of the total amount projected to be collected as income taxes for the Republic for that financial year.	Insertion of new section 45A
20	(2) The purpose of the Fund is to disburse funds to councils to supplement the financing of councils for the performance of their functions listed in the Second Schedule.	
25	(3) The Fund shall be vested in the Minister responsible for finance and shall be administered by the Minister responsible for local government.	

- (4) Notwithstanding sub section (3), the Minister responsible for local government shall disburse funds from the Fund to councils using a formula based on the population residing within the jurisdiction of each council, adjusted by poverty levels to ensure an equitable allocation of funds across councils.
- (5) A council shall use at least twenty percent of the funds received by the council from the Fund, in any financial year, to finance capital expenditure.
- (6) The Minister responsible for local government may, in a financial year, make the receipt of part or all of the funds to be disbursed from the Fund to a council conditional upon the council observing sound financial management practices in the council and the delivery of a prescribed minimum level of service. 10
- (7) Any balance in the Fund at the close of each financial year shall be retained by the Fund and any deficiency realised in any year shall, subject to the approval of the Minister responsible for finance, be offset against the realised surplus. 15
- (8) The Minister responsible for finance may, by statutory instrument, in consultation with the Minister responsible for local government, make regulations for the administration and management of the Fund.
- (9) The Minister responsible for local government shall cause 20 an annual report to be prepared on the operations of the Fund and laid before the appropriate committee of the National Assembly.
- (10) Notwithstanding the establishment of the Fund, the Minister responsible for finance may, in consultation with 25 the Minister responsible for Local Government, make specific grants to councils for additional functions that may be devolved to the councils.