



**REPUBLIC OF ZAMBIA**

**REPORT**

**OF THE**

**COMMITTEE ON NATIONAL ECONOMY, TRADE AND LABOUR MATTERS**

**ON THE**

**PETROLEUM (EXPLORATION AND PRODUCTION) (AMENDMENT) BILL N.A.B.  
NO.10 OF 2021**

**FOR THE**

**FIFTH SESSION OF THE TWELFTH NATIONAL ASSEMBLY**

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# **REPORT OF THE COMMITTEE ON NATIONAL ECONOMY, TRADE AND LABOUR MATTERS ON THE PETROLEUM (EXPLORATION AND PRODUCTION) (AMENDMENT) BILL N.A.B. NO. 10 OF 2021 FOR THE FIFTH SESSION OF THE TWELFTH NATIONAL ASSEMBLY**

## **1.0 MEMBERSHIP OF THE COMMITTEE**

The Committee consisted of Dr S Musokotwane, MP (Chairperson); Ms M Miti MP, (Vice-Chairperson); Mr G G Nkombo, MP; Mr E M Mwila, MP; Mr C Chali, MP; Mr D Chisopa, MP; Dr S C Kopulande, MP; Mr D Livune, MP; Mr E Kamondo, MP; and Mr M Mubika, MP.

The Honourable Mr Speaker  
National Assembly  
Parliament Buildings  
**LUSAKA**

Sir

The Committee has the honour to present its Report on the consideration of the Petroleum (Exploration and Production) (Amendment) Bill, N.A.B. No.10 of 2021.

## **2.0 MEETINGS OF THE COMMITTEE**

The Committee held seven meetings to consider Petroleum (Exploration and Production) (Amendment) Bill N.A.B. No. 10 of 2021.

## **3.0 PROCEDURE ADOPTED BY THE COMMITTEE**

The Committee requested written submissions from various stakeholders. The stakeholders were further requested to virtually appear before the Committee to orally brief it on the contents of their written memoranda, and to clarify issues that arose from the presentations. The witnesses who appeared before the Committee are listed at Appendix II of this Report.

## **4.0 BACKGROUND OF THE BILL**

This Bill sought to amend the *Petroleum (Exploration and Production) (Amendment) Act No.10 of 2008*, so as to revise the composition of the Petroleum Technical Committee. It had been noted that the appointment of Permanent Secretaries on some Boards or Technical Committees compromised good governance principles as Permanent Secretaries who participated and made decisions at Board or Committee level also provided policy direction to the Committee on behalf of Government. This posed a conflict of interest in the execution of the Permanent Secretaries' role. Hence there was need to amend the provision on the appointment of a Permanent Secretary to the Petroleum Technical Committee.

## **5.0 OBJECT OF THE BILL**

The object of this Bill was to amend the *Petroleum (Exploration and Production) Act No. 10 of 2008*, so as to revise the composition of the Petroleum Technical Committee

## **6.0 SALIENT PROVISIONS OF THE BILL**

### **Clause 1 – Short title**

The clause provided for the short title of the Bill.

### **Clause 2 – Amendment of section 90**

The clause sought to amend section 90 of the principal Act so as to revise the composition of the Committee by replacing the Permanent Secretary responsible for mines with a representative of the Ministry of Mines and Minerals Development.

### **Clause 3 – Amendment of section 91**

Section 91 of the principal Act provided for the Petroleum Technical Committee and its membership. Section 91(1) (a) provided for the Permanent Secretary of the ministry responsible for mines to chair the Committee. Clause 3 of the Bill amended section 91 of the principal Act by removing the Permanent Secretary from being the Chairperson of the Petroleum Technical Committee. It replaced the Permanent Secretary with an appointee of the Minister responsible for mines.

## **7.0 CONCERNS BY STAKEHOLDERS**

Most of the stakeholders who appeared before the Committee supported the Bill and stated that the removal of the Permanent Secretary on the Petroleum Technical Committee would enhance good corporate governance with regard to the operations of the Petroleum Technical Committee.

- i) Under clause 3, stakeholders noted that the presence of the Permanent Secretary responsible for the Ministry of Mines on the Petroleum Technical Committee compromised good governance as the Permanent Secretary who participated in decision making at the Committee level also provided policy direction to the Technical Committee on behalf of the Government. This posed a conflict of interest in the execution of the Permanent Secretary's role.
- ii) Under clause 3(c) which provided for the appointment of the Chairperson of the Petroleum Technical Committee by the Minister, some stakeholders welcomed the provision as the position of Chairperson would be extended to any member of the Technical Committee and not limited to the Ministry of Mines and Minerals Development.

On the contrary, other stakeholders were of the opinion that the Chairperson of the Petroleum Technical Committee should not be an appointee of the Minister but should be elected by the members of the Committee to ensure objectivity in the decisions of the Technical Committee.

- iii) While supporting the Bill, some stakeholders noted that the private sector was not represented on the Technical Committee. They proposed that the Petroleum Technical Committee must have representation from the private sector, including the Oil Marketing Companies Association of Zambia (OMCAZ), who were key stakeholders in the petroleum sector.
- iv) Stakeholders observed that some institutions on the membership of the Petroleum Technical Committee had since had their names changed. For instance, the Environmental Council of Zambia had its name changed to the Zambia Environmental Management Agency (ZEMA). They proposed that the list of institutions on the Committee should be updated to reflect the current names.
- v) While appreciating the proposed amendments in the Bill, stakeholders submitted that the Government could have used this opportunity to make further amendments to the *Petroleum (Exploration and Production) Act, No. 10 of 2008*. Particularly, some stakeholders noted that the regulation of oil exploration in most jurisdictions was within the purview of a national oil company or an independent regulator and not under the ministry responsible for mines. They were of the opinion that International Oil Companies (IOCs) were generally not comfortable with the day-to-day responsibility for oil regulation being under the Minister as opposed to an independent Government institution. In light of this, they proposed that the process of revising the Act must be expedited. The issues to be addressed by this revision should include, but not be limited to, the matters outlined below.
  - a) Establish an independent body to regulate the oil exploration. This would provide transparency and fairness for those aggrieved to seek redress in the event of a dispute.
  - b) Make clear provisions for public disclosure to ensure that the public was informed of progress being made in petroleum activities.
  - c) Establish the National Oil Company that had been provided for in the Act as it did not exist. The existence of the National Oil Company would provide a way to develop and retain skills that were vital in the exploitation of petroleum.

## **8.0 COMMITTEE'S OBSERVATIONS AND RECOMMENDATIONS**

Following the interactions with stakeholders, the Committee supports the Bill subject to its concerns, observations and recommendations as outlined below.

- i) The Committee observes that the private sector as well as the Oil Marketing Companies Association of Zambia has no representation on the Petroleum Technical Committee. The Committee is of the view that the private sector plays a critical role in the petroleum sub-sector.

The Committee, therefore, recommends that the Bill must make provision for private sector representation on the Petroleum Technical Committee to allow for private sector participation in matters relating to petroleum exploration and production. The Committee further recommends that the Bill should be amended to make provision for either the Chairperson or the Vice-Chairperson of the Petroleum Technical Committee to be a representative of the private sector. This will help to balance the decisions of the Committee.

- ii) While the Committee appreciates that the position of the Chairperson of the Petroleum Technical Committee will no longer be held by the Permanent Secretary in the ministry responsible for mines, the Committee notes that the Bill does not provide for the required qualifications for the position of the Chairperson.

In this regard, the Committee recommends that the Bill should clearly provide for the required qualifications and expertise for the position of Chairperson of the Petroleum Technical Committee. This will ensure that the appointee of the Minister is technically qualified and competent for the role of Chairperson.

- iii) While appreciating the proposed amendments in the Bill, the Committee is of the opinion that the Government could have utilised this opportunity to make further amendments to the *Petroleum (Exploration and Production) Act, No. 10 of 2008* other than the amendment pertaining to the membership of the Petroleum Technical Committee.

The Committee acknowledges that the Government is in the process of reviewing the principal Act and, therefore, urges it to expedite the revision processes in order to address the challenges being faced in the petroleum sub-sector.

## **9.0 CONCLUSION**

The Petroleum (Exploration and Production) (Amendment) Bill, N.AB No.10 of 2021, once enacted, will revise the composition of the Petroleum Technical Committee by removing the Permanent Secretary from its membership. The Committee is optimistic that, once enacted, the amendments in the Bill will enhance the tenets of good corporate governance such as accountability and will eliminate conflict of interest that previously existed due to the membership of the Permanent Secretary on the Committee.

The Committee places on record its gratitude to the Minister of Mines and Minerals Development on the assurance given when he appeared before the Committee that he will henceforth endeavour to provide regular updates on the developments in the petroleum sub-sector.

The Committee also expresses its gratitude to all stakeholders for their oral and written submissions on the Bill. The Committee further thanks the Office of the Speaker and the Clerk of the National Assembly for the guidance and services rendered to it during the consideration of the Bill.

Dr S Musokotwane, MP  
**(Chairperson)**

Ms M Miti, MP  
**(Vice - Chairperson)**

Mr G G Nkombo, MP  
**(Member)**

Mr D Livune, MP  
**(Member)**

Mr E M Mwila, MP  
**(Member)**

Dr S C Kopulande, MP  
**(Member)**

Mr C Chali, MP  
**(Member)**

Mr E Kamondo, MP  
**(Member)**

Mr D Chisopa, MP  
**(Member)**

Mr M Mubika, MP  
**(Member)**

February, 2021  
**LUSAKA**



## **APPENDIX I - National Assembly Officials**

Ms C Musonda, Principal Clerk of Committees  
Mr H Mulenga, Deputy Principal Clerk of Committees (FC)  
Mr F Nabulyato, Deputy Principal Clerk of Committees (SC)  
Mrs C K Mumba, Senior Committee Clerk (FC)  
Mrs E K Zgambo, Committee Clerk  
Mrs Doreen Mukwanka, Committee Clerk  
Mr S C Samuwika, Committee Clerk  
Mrs V B Tembo, Typist  
Mr M Chikome, Committee Assistant  
Mr S Kantumoya, Parliamentary Messenger

## **Appendix II – The Witnesses**

- i. The Minister of Mines and Minerals Development
- ii. Ministry of Mines and Minerals Development
- iii. Ministry of Justice
- iv. Zambia Chamber of Commerce and Industry
  - v. Energy Regulation Board
- vi. Engineering Institute of Zambia
- vii. Oil marketing Companies Association of Zambia
- viii. TAZAMA Pipelines Limited