



REPUBLIC OF ZAMBIA

REPORT

OF THE

COMMITTEE ON CABINET AFFAIRS

ON THE

PUBLIC SERVICE PENSIONS (AMENDMENT) BILL, N.A.B. NO.11 OF 2021

FOR THE

FIFTH SESSION OF THE TWELFTH NATIONAL ASSEMBLY

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REPORT OF THE COMMITTEE ON CABINET AFFAIRS ON THE PUBLIC SERVICE PENSIONS (AMENDMENT) BILL N.A.B. NO. 11 OF 2021 FOR THE FIFTH SESSION OF THE TWELFTH NATIONAL ASSEMBLY

1.0 MEMBERSHIP OF THE COMMITTEE

The Committee consisted of Dr M Imakando, MP (Chairperson); Mrs M C Chonya, MP (Vice Chairperson); Mr C M Zulu, MP; Mr S Chungu, MP; Dr M Malama, MP; Mr S Tembo, MP; Mr L Kintu, MP; Dr C K Kalila, MP; Ms G Katuta, MP; and Mr K Kampampi, MP.

The Honourable Mr Speaker
National Assembly
Parliament Buildings
LUSAKA

Sir

The Committee has the honour to present its Report on the Public Service Pensions (Amendment) Bill N.A.B. No. 11 of 2021, referred to it by the House on 16th February, 2021.

2.0 MEETINGS OF THE COMMITTEE

The Committee held six meetings to consider the Public Service Pensions (Amendment) Bill N.A.B. No. 11 of 2021.

3.0 PROCEDURE ADOPTED BY THE COMMITTEE

In order to gain insight into the ramifications of the Bill, the Committee sought both written and oral submissions from various stakeholders. The list of stakeholders who made submissions before the Committee is at Appendix II.

4.0 BACKGROUND

This Bill sought to amend the *Public Service Pensions Act, Chapter 260 of the Laws of Zambia*, so as to revise the composition of the Board. It had been noted that the appointment of Permanent Secretaries on some Boards or Technical Committees compromised good governance principles. This also created a conflict of interest in the execution of the Permanent Secretaries' roles. Hence, there was need to amend the provision on the appointment of a Permanent Secretary on the Board of the Public Service Pensions Fund.

5.0 OBJECTS OF THE BILL

The object of this Bill was to amend the *Public Service Pensions Act, Chapter 260 of the laws of Zambia*, so as to revise the composition of the Board.

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 4

This clause sought to amend section 4 (1) of the principal Act so as to revise the composition of the Board by replacing the Permanent Secretaries with representatives from the respective institutions.

Clause 3 – Amendment of section 7

This clause sought to amend section 7 of the principal Act so as to allow the Minister to –

- (a) give directions to the Board relating to performance of the functions of the Board; and
- (b) enter into performance contracts with the Board for a specified period and in accordance with the provisions of the Act.

7.0 SUMMARY OF SUBMISSIONS AND CONCERNS BY STAKEHOLDERS

7.1 General Concerns

The stakeholders who appeared virtually before the Committee were in support of the Bill. However, they raised concerns with some of the proposed amendments.

7.2 Specific Concerns and Recommendations

The specific concerns of stakeholders are set out hereunder.

Clause 2 – Amendment of section 4

Stakeholders expressed satisfaction with the amendment of section 4(1) of the principal Act by deletion of paragraph (a) and (b) and substitution with representatives of the Ministry responsible for labour and social security and the Public Service Management Division, Cabinet office and contended that it was a progressive amendment.

The stakeholders argued that the proposed changes to the principal Act were broadly in line with good corporate governance as the permanent secretaries had been relieved of their obligations on the Board. Given the numerous boards and committees that permanent secretaries sat on, this would allow for better public service delivery.

Clause 3 – Amendment of section 7

Stakeholders welcomed the amendment of section 7 of the principal Act in the new subsections (2) and (3) in so far as the minister did not compromise the performance of the Board.

Some stakeholders were in support of the provisions granting the Minister discretion to give the Board general or specific directions relating to the performance of its functions and to enter into performance contracts with the Board for a specified period. They argued that these provisions were aimed at providing a useful vehicle to bring results-oriented performance within the Board and ultimately within the public service.

However, other stakeholders argued that the insertion of the new subsection (2) may compromise the governance of the Board if general and specific directions relating to the Board's functions were at the prerogative of the Minister. They expected the Board to be sufficiently knowledgeable about the workings of the company to be answerable for its actions, yet able to stand back from the day-to-day management of the company and retain an objective, longer term view. As such, they argued that directives from the Minister may in future render the role of the Board irrelevant and the Board would equally not be answerable for actions taken on grounds that they were ordered to do so. The stakeholders argued that such a clause should not be included in the Act.

8.0 COMMITTEE'S OBSERVATIONS AND RECOMMENDATIONS

The Committee is generally in support of the Bill as some of the proposed changes to the principal Act are progressive. However, the Committee is in agreement with the concerns raised by stakeholders and highlights its observations and recommendations on the specific provisions below.

Clause 2 – Amendment of section 4

The Committee agrees with the proposal to remove the Permanent Secretaries from the Board as the membership of Permanent Secretaries on Boards could compromise good governance principles.

Clause 3 – Amendment of section 7

The Committee observes that the amendment in section (2) bestows on the Minister powers to give the Board directions on the performance of its functions. With regard to this amendment, the Committee is of the view that it should be deleted as it could create an opportunity for the Minister to interfere with the functions of the Board. The Committee contends that the functions as set out in the Act are adequate in guiding the Board to perform its role.

9.0 CONCLUSION

The Committee urges the Government to take note of the concerns raised by stakeholders on the ramifications of the proposed amendments and the Committee's recommendations.

The Committee wishes to express its gratitude to all the stakeholders who virtually appeared before it and tendered both oral and written submissions. The Committee wishes to thank you Mr Speaker and the Clerk of the National Assembly for the guidance and support services rendered to it throughout its deliberations.

We have the honour to be, Sir, the Committee on Cabinet Affairs, tasked to scrutinise the Public Service Pensions (Amendment) Bill N.A.B. No. 11 of 2021 for the Fifth Session of the Twelfth National Assembly,

Dr M Imakando, MP
(Chairperson)

Mrs M C Chonya, MP
(Vice-Chairperson)

Mr S Chungu, MP
(Member)

Dr C K Kalila, MP
(Member)

Mr S Tembo, MP
(Member)

Ms G Katuta, MP
(Member)

Mr L Kintu, MP
(Member)

Mr K Kampampi, MP
(Member)

Dr, M Malama, MP
(Member)

Mr C M Zulu, MP
(Member)

Appendix I: List of National Assembly Officials

Ms C Musonda, Principal Clerk of Committees
Mr F Nabulyato, Deputy Principal Clerk of Committees (SC)
Mrs C K Mumba, Senior Committee Clerk (FC)
Mrs M K Siwo, Committee Clerk
Ms L Chilala, Personal Secretary II
Ms I Mwiya, Typist
Mr D Lupiya, Committee Assistant
Mr M Chikome, Committee Assistant
Mr M Kantumoya, Parliamentary Messenger

Appendix II:List of Witnesses

Ministry of Justice

Ms M Siwionalondo, Senior Parliamentary Counsel

Ms M Phiri, Parliamentary Counsel

Ms N Nchito, Parliamentary Counsel

Ministry of Labour and Social Security

Mr M Bili, Director – Planning and Research

Civil Servants and Allied Workers Union of Zambia

Mr K Makai, General Secretary

Public Service Pensions Fund Board

Mr P Bobo, Chief Executive Officer

Public Service Management Division – Cabinet Office

Mr B Chimbwali, Permanent Secretary

Zambia Association of Chambers of Commerce and Industry

Mr K Shula, Business Development Officer

Lusaka Securities Exchange

Mr I Hinji, Legal and Compliance Officer