



REPUBLIC OF ZAMBIA

REPORT

OF THE

**JOINT COMMITTEE ON LOCAL GOVERNANCE, HOUSING AND CHIEFS'
AFFAIRS AND THE COMMITTEE ON LOCAL GOVERNMENT ACCOUNTS**

ON THE

**THE LOCAL GOVERNMENT (AMENDMENT) BILL N.A.B. NO. 28 OF 2023,
FOR THE**

THIRD SESSION OF THE THIRTEENTH NATIONAL ASSEMBLY

Published by the National Assembly of Zambia

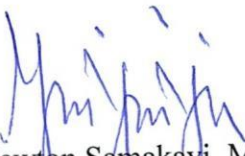
FOREWORD

Madam Speaker, the Joint Committee consisting of the Committee on Local Governance, Housing and Chiefs' Affairs, and the Committee on Local Government Accounts has the honour to present its Report on the Local Government (Amendment) Bill N.A.B. No. 28 of 2023 for the Third Session of the Thirteenth National Assembly.

The Joint Committee had six sittings to execute its programme of work and requested for detailed written memoranda from stakeholders on the ramifications of the Bill. The stakeholders were later requested to appear before it to augment their written submissions and clarify any issues arising from the submissions. The list of stakeholders who interacted with the Committee is at Appendix II.

The Committee's Report is organised in three parts: Part I gives the background, while Part II presents the observations and concerns raised by stakeholders. Part III highlights the Committee's Observations and Recommendations.

The Committee wishes to pay tribute to all stakeholders who appeared before it and tendered both oral and written submissions. It also wishes to express its gratitude for the guidance and services rendered during its deliberations by the Office of the Speaker and Clerk of the National Assembly.



Newton Samakayi, MP
CHAIRPERSON

TABLE OF CONTENTS

1	Membership of the Committee	1
2.	Background.....	1
3.	Objects of the Bill.....	1
4.	Salient Provisions of the Bill.....	1
5.	Summary of Submissions by Stakeholders	1
6.	Committee’s Observations and Recommendations	2
7.	Conclusion	3
	APPENDIX I - List of National Assembly Officials.....	4
	APPENDIX II - List of Witnesses	5

1.0 MEMBERSHIP OF THE JOINT COMMITTEE

Mr Newton Samakayi, MP, (Chairperson); Ms Emeldah Munashabantu, MP, (Vice Chairperson); Mr Darius Mulunda, MP; Dr Aaron D Mwanza, MP; Mr Misheck Mutelo, MP; Mr Christopher Shakafuswa, MP; Mr Elliot Kamondo, MP; Mr Christopher, Kang' ombe, MP; Mr Misheck Nyambose, MP; Mr Luhamba Mwene, MP; Ms Kampamba Mulenga, MP; Mr Edgar Sing'ombe, MP; Ms Maureen Mabonga, MP; Mr Gift S Sialubalo, MP; Mr Luka Simumba, MP; Mr Twaambo E Mutinta, MP; Mr Kabaso Kampampi, MP; Mr Anthony M Kasandwe, MP; Mr Kenny Siachisumo, MP; Mr Nickson Chilangwa, MP and Mr George K Kandafula, MP.

2.0 BACKGROUND

The *Local Government Act, No.2 of 2019* was enacted to provide for an integrated Local Government system in order to give effect to the decentralisation of functions, responsibilities and services at all levels of local government, and to ensure democratic participation in, and control of decision making by the people at the local level. It also provided for the review of tariffs, charges and fees within the area of a local authority. Accordingly, it had become necessary to amend the *Local Government Act, No.2 of 2019* in order to remove the restriction on the use of the equalisation fund for capital expenditure.

3.0 OBJECTS OF THE BILL

The bill sought to amend the *Local Government Act, No. 2 of 2019* so as to remove the restriction on the use of the Local Government Equalisation Fund for capital expenditure.

4.0 SALIENT PROVISIONS OF THE BILL

The salient provisions of the Local Government (Amendment) Bill N.A.B. No. 28 of 2023 were as outlined below.

Clause 1 – Short Title and Commencement Date

Clause 1 provided the short title of the Act. It also provided for the citation and commencement date of the Act, once enacted.

Clause 2 – Amendment of Section 47

Clause 2 amended section 47 of the Principal Act, by the deletion of subsection (2), so as to remove the restriction on local authorities of using at least twenty percent of the funds received by a local authority from the Equalisation Fund, in any financial year, to finance capital expenditure.

5.0 SUMMARY OF SUBMISSIONS BY STAKEHOLDERS

All stakeholders who appeared before the Committee were in support of the proposed amendment and some made comments as set out below.

Clause 2: Amendment of Section 47

Most stakeholders submitted that the amendment of section 47, by the deletion of subsection (2) will free the funds for other needy areas and enable the local authorities enhance their operations and service delivery.

Stakeholders submitted that the section 47 (2) of the Bill appeared to limit any drawing of the funds beyond the prescribed twenty percent. The amendment, therefore, would legalise the drawing of such funds for capital expenditure, thereby, allowing the local authorities more funds for this purpose. The stakeholders were of the view that the only way the amendment would yield the desired results was to ensure that legal safeguards were correctly utilised and strictly adhered to.

Further, there was need for more legal safeguards to ensure that funds were not drawn arbitrarily, in a way that would hinder other purposes such as staff emoluments and service delivery. It was, therefore, suggested that any guidelines pertaining to the Equalisation Fund should be re-examined and fortified in light of the effects of the amendment, and how the Fund would complement the Constituency Development Fund (CDF).

In his submission, the Minister of Local Government and Rural Development stated that the rationale behind the proposed amendment was that the Government had since 2021 substantially increased the CDF, which now stood at K28.3 million per constituency, out of which sixty percent was dedicated to capital projects. The provision for capital projects under the CDF had overridden the need for the requirement of at least twenty percent of the Local Government Equalisation Fund to be spent on capital projects.

In view of the foregoing, the Ministry was of the view that the requirement under section 47 (2) of the principal Act was no longer necessary, given the various Government interventions on capital projects at the local level.

6.0 COMMITTEE'S OBSERVATIONS AND RECOMMENDATIONS

The Committee, in supporting the amendments, makes the observations and recommendations below.

i. Clause 2 : Amendment of Section 47

The Committee notes with concern that while the proposed amendment is meant to remove the restriction on the use of the Equalisation Fund for capital expenditure, the conversion of the Fund into a recurrent grant must be guided because of the uniqueness of the challenges each local authority was facing based on its mandate and size. The Committee also notes that since the conversion of the Fund into a recurrent grant was meant to, among other factors, support the remuneration of councillors and meet the cost of other liabilities, smaller councils, with few councillors and staff, will have savings to meet the cost of other liabilities.

In this regard, the Committee recommends that the rationale for the funding of the Equalisation Fund must take into account the mandate and the number of councillors at each local authority.

- ii. The Committee observes that the proposed amendment does not expressly deter local authorities from using the Equalisation Fund on capital projects.

In this regard, the Committee is of the view that more legal safeguards should be put in place to ensure that funds are not drawn arbitrarily and in a way that would hinder other purposes such as staff emoluments and service delivery.

- iii. The Committee also notes that this amendment will give relief to local authorities to spend excess funds on other deprived areas. However, the Committee is concerned that this may lead to the local authorities becoming overly dependent on Central Government funding.

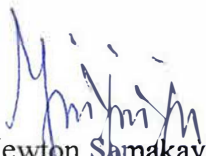
In this vein, the Committee recommends that the Government should provide strategic goals to be achieved by local authorities with regards to enhanced internally generated revenue, which should be targeted at service delivery.

7.0 CONCLUSION

In supporting the Bill, the Committee urges the Executive to exercise caution as it actualises the proposed amendments, bearing in mind the different dynamics under which individual councils operate.

The Committee is cognisant of the substantial increase in the allocation to the Constituency Development Fund and commends the Executive for the allocation of sixty percent of the CDF to capital projects.

We have the honour to be, Madam, the Joint Committee, comprising the Committee on Local Governance, Housing and Chiefs' Affairs; and the Committee on Local Government Accounts, mandated to scrutinise the Local Government (Amendment) Bill N.A.B. No. 28 of 2023.


Newton Samakayi, MP
CHAIRPERSON

December, 2023
LUSAKA

APPENDIX I

List of National Assembly Officials

1. Mr Stephen Chiwota, Director (FC)
2. Mrs Chitalu K Mumba Assistant Director (SC)
3. Mr Geoffrey Zulu, Senior Committee Clerk (SC 2)
4. Mr Moses Chuba, Committee Clerk
5. Mr Timothy C Lumba, Committee Clerk
6. Mrs Charity K Muyunda, Administrative Assistant
7. Mr Daniel Lupiya, Committee Assistant
8. Mr Sean Kantumoya, Parliamentary Messenger

APPENDIX II - LIST OF WITNESSES

1. Ministry of Local Government and Rural Development
2. Ministry of Finance and National Planning
3. Ministry of Justice
4. National Council for Construction
5. Zambia United Local Authorities Workers Union
6. Local Government Association of Zambia
7. Lusaka City Council
8. Chongwe Municipal Council
9. Kapiri Mposhi Town Council
10. Minister of Local Government and Rural Development