



REPUBLIC OF ZAMBIA

REPORT

OF THE

COMMITTEE ON PARASTATAL BODIES

ON THE

LOCAL AUTHORITIES SUPERANNUATION BILL, N.A.B. NO. 70 OF 2026

FOR THE

FIFTH SESSION OF THE THIRTEENTH NATIONAL ASSEMBLY

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FOREWORD

Honourable Madam Speaker, the Committee on Parastatal Bodies has the honour to present its Report on the Local Authorities Superannuation Bill, N.A.B. No. 70 of 2026, for the Fifth Session of the Thirteenth National Assembly. The functions of the Committee are set out under Standing Orders 206 (1) and 207 of the National Assembly of Zambia Standing Orders, 2024.

The Committee held five sittings to consider the Bill. To gain insight into the ramifications of the Bill, the Committee sought both written and oral submissions from various stakeholders. The list of stakeholders is at Appendix II of the Report.

The Report is in three Parts. Part I contains the salient provisions of the Bill. Part II highlights concerns raised by stakeholders, while Part III contains 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 further wishes to thank you, Madam Speaker, for affording it an opportunity to consider the Local Authorities Superannuation Bill, N.A.B. No. 70 of 2026. The Committee also appreciates the services rendered by the Office of the Clerk of the National Assembly during its deliberations.



Dr Chitalu Chilufya, MP
CHAIRPERSON

May, 2026
LUSAKA

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1.0 MEMBERSHIP OF THE COMMITTEE

The Committee consisted of Dr Chitalu Chilufya, MP (Chairperson); Mrs Mutinta C Mazoka, MP (Vice Chairperson); Mr Anthony Kasandwe, MP; Ms Julien Nyemba, MP; Mr Mubita Anakoka, MP; Mr Vumango P Musumali, MP; Mr Stephen Kampyongo, MP; Mr Brian Mundubile, MP; Mr Herbert Mapani, MP and Mr Stanley Kakubo, MP.

2.0 BACKGROUND

The *Local Authorities Superannuation Fund Act, Chapter 284 of the Laws of Zambia* does not adequately address existing gaps relating to pension benefits for employees of local authorities and associated institutions. In particular, the Act lacks provisions for a mandatory occupational pension scheme for such employees. This omission has resulted in disparities in social security protection between employees in the public and private sectors.

Therefore, it became necessary to introduce a Bill in Parliament to repeal and replace the *Local Authorities Superannuation Fund Act, Chapter 284 of the Laws of Zambia*, so as to harmonise and rationalise pension benefits and introduce affordable, sustainable and adequate public pension benefits with respect to local authorities and associated institutions.

3.0 OBJECTS OF THE BILL

The objects of the Bill are to:

- a. continue the existence of the Board of the Local Authorities Superannuation Fund, re-name it as the Local Authorities Superannuation Fund, and re-define its functions;
- b. re-constitute the Board of the re-named Local Authorities Superannuation Fund and re-define its functions;
- c. continue the existence of the membership, contributions and benefits structure under the local authorities superannuation fund and re-name it as the Superannuation Scheme;
- d. provide for the establishment of the Occupational Superannuation Scheme;
- e. continue the existence of the local authorities superannuation fund, in relation to its property component, and re-name it as the Superannuation Fund;
- f. provide for establishment of the Occupational Superannuation Fund;
- g. provide for collection of pension contributions;
- h. provide for the payment of benefits;
- i. provide for the actuarial valuation of the Superannuation Scheme and the Occupational Superannuation Scheme;
- j. repeal and replace the Local Authorities Superannuation Fund Act, 1962; and
- k. provide for matters connected with, or incidental to, the foregoing.

PART I

4.0 SALIENT PROVISIONS OF THE BILL

The provisions of the Bill are as set out hereunder.

Part One

Clauses 1 and 2 - Preliminary Provisions

This part provides for preliminary provisions, among them, the interpretation clause, which seeks to define various words and phrases used in the Act.

Part Two

Clauses 3 to 7: The Local Authorities Superannuation Fund

This part provides for the institutional framework and governance of the Local Authorities Superannuation Fund. Specifically, the clauses continue and re-name the existing Board as the Local Authorities Superannuation Fund, establish it as a body corporate, and define its functions, which include administering and managing the Superannuation Scheme and Occupational Superannuation Scheme, registering members and employers, collecting contributions, and paying benefits.

This part further provides for the constitution and composition of the Board, including grounds for disqualification of members, and outline the Board's functions, such as policy approval, oversight of scheme administration, and commissioning actuarial valuations. Additionally, the clauses provide for the appointment of the Director-General as chief executive officer, as well as the appointment of a secretary and other staff necessary for the effective operation of the Fund.

Part Three

Clauses 8 to 10: The Superannuation Scheme

This part provides for the establishment and regulation of the Superannuation Scheme. The clauses continue the existing membership, contributions and benefits structure under the repealed Act and re-designate it as the Superannuation Scheme. They further mandate the Board to ensure prudent financial management, actuarial soundness and equitable benefit distribution, and empower the Minister to make regulations for its administration. The clauses also define the membership of the Scheme, primarily comprising existing members of the former Fund and any other prescribed persons, while prohibiting contributing members from joining the Occupational Superannuation Scheme. Additionally, the clauses outline the circumstances under which membership ceases, including upon payment of accrued benefits, transfer of contributions to another scheme, or death.

Part Four

Clauses 11 to 13: The Occupational Superannuation Scheme

This part provides for the establishment and regulation of the Occupational Superannuation Scheme. This part establishes the Scheme and mandate the Local Authorities Superannuation Fund to administer and manage it, while requiring the Board to ensure prudent financial management, actuarial soundness and equitable benefit distribution. This part further empowers the Minister to make regulations for its administration on the recommendation of the Board. Additionally, the clauses define the membership of the Scheme as registered employees, exclude contributing members of the Superannuation Scheme from joining it, and outline the circumstances under

which membership ceases, including upon payment of accrued benefits, transfer of contributions to another scheme, or death.

Part Five

Clauses 14 to 18: Registration of Members and Employees

This part provides for the registration and regulation of members and employers under the Schemes. This part requires employers to register eligible employees and submit their particulars within prescribed timelines, upon which the Local Authorities Superannuation Fund is mandated to register such members and issue unique social security numbers. They further require employers to register with the Fund and prescribe procedures and penalties for non-compliance. Additionally, the clauses provide for the temporary suspension and cancellation of employer registration, including obligations to notify the Fund when ceasing or resuming operations. Importantly, this part clarifies that suspension or cancellation of registration does not relieve an employer of liability for any outstanding contributions, penalties or other obligations incurred prior to such suspension or cancellation.

Part Six

Clauses 19 to 30: Contributions

This part provides for contributions under the Superannuation Scheme and Occupational Superannuation Scheme. The clauses mandate registered employers to deduct and remit mandatory contributions on behalf of members within prescribed timelines, and require the submission of monthly returns, with penalties for non-compliance. They further regulate eligibility to contribute, and require employers to notify the Fund of changes in employment status, including termination, resignation, secondment, unpaid leave or death.

The clauses also provide for the treatment of contributions in special circumstances, including during secondment, unpaid leave or suspension, and permit voluntary contributions. Additionally, they provide for refunds of contributions made in error, treatment of contributions upon re-employment, and recovery of unpaid contributions through third parties. The clauses further set out provisions for the transfer of contributions between schemes, and clarify that contributions made after retirement are treated as having been made in error and are not considered in benefit calculations.

Part Seven

Clauses 31 to 36: Benefits under the Superannuation Scheme

This part provides for benefits payable to members of the Superannuation Scheme under various circumstances. The clauses outline benefits on retirement, including the payment of a lump sum and pension to eligible members who meet the prescribed contribution period and retirement age. They further provide for benefits in cases of retirement due to ill health, reorganisation, resignation, discharge or dismissal.

Additionally, the clauses provide for death benefits payable to survivors, including lump sum payments and pensions to a surviving spouse and children, and set out conditions under which such pensions may cease.

Part Eight

Clauses 37 to 42: Benefits under the Occupational Superannuation Scheme

This part provides for benefits under the Occupational Superannuation Scheme. The clauses define key terms, including the applicable retirement age, and set out the benefits payable to members under various circumstances, including retirement, retirement due to ill health, reorganisation, and resignation, discharge or dismissal. This part further

provides that, in certain cases, benefits are based on a member's fund credit. Additionally, the clauses provide for death benefits payable to survivors, including lump sum payments and pensions to a surviving spouse, children or dependants, and prescribe conditions under which such pensions may cease.

Part Nine

Clauses 43 to 48: Superannuation Fund and Superannuation Occupational Scheme

This part provides for the establishment, funding, management and accountability of the Superannuation Fund and the Occupational Superannuation Fund. The clauses continue and re-name the existing Fund as the Superannuation Fund and establish the Occupational Superannuation Fund, while outlining their respective sources of financing and permitted uses, including the payment of benefits and administrative expenses.

This part further mandates the Local Authorities Superannuation Fund to manage and administer both Funds, and to establish prudent financial controls, including accounting, reporting and investment procedures. Additionally, they provide for the maintenance and auditing of accounts, the submission of annual reports to the Minister and the National Assembly, and empower the Fund to invest surplus monies in accordance with applicable laws and approved guidelines.

Part Ten

Clauses 49 and 50: Inspectorate

This part provides for the establishment of an inspectorate to ensure compliance with the Act. The clauses mandate the Local Authorities Superannuation Fund to appoint suitably qualified inspectors and issue them with identification cards. They further empower inspectors, on authority of a warrant, to enter and search premises where there are reasonable grounds to suspect the commission of an offence under the Act. Additionally, inspectors are required to submit reports of their findings to the Director-General.

Part Eleven

Clauses 51 to 72: General Provisions

This part set out general provisions governing the administration, oversight, and legal framework of the Act. This part provides for the appointment of actuaries and require periodic actuarial valuations of both the Superannuation Scheme and the Occupational Superannuation Scheme, with implementation of recommendations arising from such valuations. This part also designates the Board as trustees of the Schemes and establish safeguards for the protection of members' benefits from attachment, assignment, or inclusion in bankruptcy, except in limited circumstances.

This part further provides for portability of benefits between schemes, recovery of debts from members' benefits, payment procedures to beneficiaries, and periodic review of pensions. In addition, they empower the Fund to suspend or discontinue benefits obtained through fraud or misrepresentation, subject to due process. The provisions also authorise the Fund to enter into joint ventures and investment arrangements, require members to provide updated information and confirmation of life, and mandate the maintenance of registers of members and employers.

Furthermore, they provide for appeals against decisions of the Fund and the Minister, protect the Fund from execution of judgments against its assets while ensuring compliance with court orders, and introduce administrative penalties and liability for principal officers in cases of corporate offences.

Finally, the clauses empower the issuance of guidelines and regulations for effective implementation of the Act and provide for the repeal of the existing Act, together with necessary savings and transitional provisions.

PART II

CONCERNS RAISED BY STAKEHOLDERS

Stakeholders who appeared before the Committee supported the Bill. However, in doing so, they raised the concerns outlined below.

i. Governance, Institutional Structure and Board Composition

Some stakeholders expressed concern that the significant role by the Minister in appointing Board members and the Chairperson, would result in actual or perceived political interference. They also noted that overlapping strategic, oversight, and trustee roles of the Board, together with its influence over management through appointing the Director-General, could weaken internal checks and balances.

They were of the view that the Bill should be strengthened to enhance governance integrity, independence, and accountability.

ii. Dual Pension Scheme Framework

Some stakeholders submitted that while the dual pension structure supports gradual reform, it risked fragmenting the system and creating inequities between members due to differing rules and benefit outcomes. They also submitted that restricting dual membership limited flexibility for mobile employees. They were of the view that the Bill should clearly define the long-term direction of pension reform.

iii. Contribution Framework and Penalty Regime

Some stakeholders submitted that although the Bill established a disciplined, actuarially informed contribution framework, its effectiveness would depend on consistent enforcement, especially in light of potential non-compliance by fiscally constrained local authorities. They were of the view that enforcement should be strengthened.

iv. Reorganisation and Employer Pre-Funding Obligations

Some stakeholders were concerned that while the Bill aimed at protecting pension rights for members in cases of involuntary separation, it imposed significant immediate financial obligations on employers, particularly local authorities that may already be facing fiscal constraints. They were of the view that the Bill should be amended to introduce more flexible and sustainable funding arrangements for reorganisation-related benefits.

v. Benefits on Retirement of Member of Superannuation Scheme and Benefits on resignation or discharge of member of Superannuation Scheme

Some stakeholders were concerned that clause 31(2)(a) was not clear on the treatment of members who exited the Scheme between the ages of fifty-six and fifty-nine. They

were of the view that this omission could create uncertainty in the application of retirement benefits for members within that age range and that there was need for the provision to clearly align and specify the benefits payable upon exit during this period.

They further submitted that clause 34 needed to be aligned with the provisions relating to retirement pension benefits. They also observed that, since clause 31 established specific retirement ages, resignation outside those ages could result in members receiving a lump sum payment instead of a pension, which may defeat the policy intent of the retirement benefit structure under the Scheme.

vi. Portability of benefits

Some stakeholders were concerned that clause 57(2) was not sufficiently clear on how accrued benefits would be treated as fund credit and how contribution months would be computed in relation to such amounts. They were of the view that the wording could create ambiguity in the conversion of monetary benefits into contribution periods. This would result in inconsistent application and uncertainty in the determination of members' entitlements.

They therefore suggested that, since clause 38(1)(a) provides for a minimum of one hundred and eighty months of contributions before a member became entitled to a lump sum and pension, there was need for members who transferred accrued benefits to also be credited with corresponding contribution months, rather than only having their benefit balances transferred.

vii. Sub-schemes

Some stakeholders were concerned that Clause 51 was not clear on the concept of "sub-schemes," particularly in the light of the absence of a substantive definition under Clause 3. They proposed that the definition should be enhanced to clearly define a sub-scheme. Other stakeholders emphasised the need to involve the Pensions and Insurance Authority (PIA), given its statutory mandate to advise Government on social security matters and its role as regulator of the pensions industry.

viii. Regulations

Some stakeholders submitted that clause 9(4) of Part I of the First Schedule allowed the Fund to invest monies in such manner as the Board considered necessary. They suggested that there was need to set clear parameters governing how such investments would be undertaken through separate guidelines.

PART III

COMMITTEE'S OBSERVATIONS AND RECOMMENDATIONS

The Committee supports the Bill and in doing so, makes the observations and recommendations outlined below.

i. Governance, Institutional Structure and Board Composition

The Committee observes that the Minister's significant role in appointing Board members and the Chairperson may create a risk of actual or perceived political interference. It is further concerned that the Board's overlapping strategic, oversight, and trustee functions, together with its influence over management through the appointment of the Director-General, may weaken internal checks and balances and affect governance independence.

The Committee, therefore, recommends that the governance framework should be strengthened by introducing merit-based and competency-driven appointment criteria, clear provisions on tenure, reappointment limits, and transparent removal procedures, as well as safeguards to moderate ministerial discretion, including independent nomination or confirmation mechanisms. It further recommends the inclusion of explicit provisions on conflict-of-interest management, Board performance evaluation, and governance reporting in line with recognised corporate governance standards to enhance transparency, accountability, and institutional integrity.

ii. Dual Pension Scheme Framework

The Committee observes that while the dual pension scheme supports gradual reform, it may also fragment the pension system by creating parallel schemes with different rules and benefits, leading to potential inequities among members. The Committee, therefore, recommends that the Bill should clearly define the long-term direction of pension reform and provide a structured transition framework.

iii. Contribution Framework and Penalty Regime

The Committee observes that while the Bill introduces a structured, actuarially informed contribution framework, its effectiveness may be undermined by potential non-compliance, particularly from fiscally constrained local authorities, which could threaten the scheme's financial sustainability.

The Committee, therefore, recommends that enforcement should be strengthened through a clear and predictable compliance regime, including structured arrears management, proportionate penalties, robust monitoring, and limited flexibility for genuine fiscal distress to ensure sustained compliance and long-term stability.

iv. Reorganisation and Employer Pre-Funding Obligations

The Committee observes that, while the Bill seeks to safeguard members' pension rights in cases of involuntary separation, it places significant immediate financial obligations on employers, particularly local authorities that may already be experiencing fiscal constraints, which may affect their capacity to comply effectively.

The Committee, therefore, recommends that the Bill should be refined to introduce more flexible and sustainable funding arrangements for reorganisation-related benefits, including phased or structured payment mechanisms, cost-sharing arrangements between employers and the Fund, and the establishment of a dedicated restructuring or contingency financing framework to ease the immediate financial burden on employers while safeguarding members' entitlements.

v. Benefits on Retirement for Member of Superannuation Scheme and Benefits on resignation or discharge of member of Superannuation Scheme

The Committee observes that there is lack of clarity and alignment between clauses 31 and 34 to ensure consistency in the treatment of benefits upon exit from the Scheme. In this regard, the Committee recommends that the Bill should be amended to clearly define the benefits payable to members exiting the Scheme between the ages of fifty-six and fifty-nine, and to ensure that clause 34 does not create a mechanism that may undermine the intended pension framework under the Act.

vi. Portability of benefits

The Committee observes that clause 57(2) lacks clarity on the treatment of accrued benefits as fund credit and the computation of corresponding contribution months. This

may create ambiguity in converting monetary benefits into contribution periods and result in inconsistent application and uncertainty in determining members' entitlements. It further observes that the absence of explicit provision for crediting transferred accrued benefits with equivalent contribution months may disadvantage members seeking to meet the minimum qualifying threshold.

The Committee, therefore, recommends that the Bill should be amended to clearly provide for the treatment of accrued benefits as fund credit and to establish a transparent and consistent method for converting such benefits into corresponding contribution months. It further recommends that members who transfer accrued benefits be credited with equivalent contribution periods to ensure fairness and support their ability to meet the minimum qualifying threshold for benefits.

vii. Sub schemes

The Committee observes that clause 51 does not provide sufficient clarity on the concept of sub-schemes, particularly in the absence of a substantive definition. The Committee further notes that the establishment of sub-schemes without a clear framework and adequate consultation may result in duplication of existing market offerings and expose the Fund to avoidable financial risks. Additionally, the Committee recognises the important regulatory and advisory role of the PIA in the development of pension products and services.

In this regard, the Committee recommends that the definition of "sub-scheme" be enhanced to provide clarity and ensure a common understanding of the term. The Committee further recommends that Clause 51 be amended to require consultation with the Pensions and Insurance Authority prior to the establishment of sub-schemes. This will ensure that the design and implementation of such sub-schemes are informed by existing market conditions, promote sustainability, and avoid unnecessary duplication.

viii. Regulations

The Committee observes that clause 9(4) of Part I of the First Schedule grants broad discretion to the Board to invest Fund monies without clearly defined parameters, which may create a risk of inconsistent investment practices and weaken transparency and accountability.

In this regard, the Committee recommends that the Bill should be amended to provide for clear parameters governing the investment of Fund monies, supported by comprehensive and separate investment guidelines to enhance transparency, accountability, and consistency in investment decision-making.

CONCLUSION

The Local Authorities Superannuation Bill, N.A.B. No. 70 of 2026, modernises governance and establishes a dual scheme framework aimed at protecting accrued rights while introducing a second-tier occupational superannuation arrangement. With strengthened compliance mechanisms, actuarial discipline, and phased implementation, the Bill is expected to enhance equity, adequacy, and the long-term sustainability of pensions for employees in local authorities and associated institutions.

In view of the foregoing, the Committee supports the enactment of the Local Authorities Superannuation Bill, N.A.B. No. 70 of 2026.



Dr Chitalu Chilufya, MP
CHAIRPERSON

May, 2026
LUSAKA

APPENDIX I
LIST OF NATIONAL ASSEMBLY OFFICIALS

Mr Stephen Chiwota, Director (Financial Committees)
Mr Geoffrey Zulu, Deputy Director (Financial Committees)
Mr Charles Chishimba, Senior Committee Clerk (FC1)
Ms Carol Ndoti, Committee Clerk
Ms Anita Mulale, Administrative Assistant
Mr Daniel Lupiya, Senior Committee Assistant
Mr Muyembi Kantumoya, Committee Assistant

APPENDIX II
LIST OF WITNESSES

Ministry of Justice
Ministry of Finance and National Planning
Ministry of Local Government and Rural Development
Ministry of Labour and Social Security
Local Authorities Superannuation Fund
National Economic Advisory Council
National Pension Scheme Authority
Pensions and Insurance Authority
Public Service Pension Fund
Zambia Federation of Employers