



**REPUBLIC OF ZAMBIA**

**REPORT**

**OF THE**

**PLANNING AND BUDGETING COMMITTEE**

**FOR THE**

**FIRST SESSION OF THE THIRTEENTH NATIONAL ASSEMBLY**

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## TABLE OF CONTENTS

ITEM	PAGE NO
1. Composition of the Committee	1
2. Functions of the Committee	1
3. Meetings of the Committee	1
4. Programme of Work	1
5. Arrangement of the Report	2
6. Procedure Adopted by the Committee	2
<b>PART I</b>	
7. Consideration of Topical Issue	2
8. Objectives of the Study	3
9.0 Summary of Submissions by Stakeholders	3
9.1 Overview of Non-Tax Revenue	3
9.1.1 Introduction	3
9.1.2 Benefits of Non-Tax Revenue	4
9.1.3 Adequacy of Policy and Legal Framework: Non-Tax Revenue	4
9.2 Types of Non-Tax Revenue	6
9.3 Performance of Non-Tax Revenue	10
9.3.1 Contribution of Non-Tax Revenue to Total National Revenue	10
9.3.2 Non-Tax Revenue against Gross Domestic Product	12
9.3.3 Implications of Debt, Deficit and Constrained Growth on Non-Tax Revenue Potential	13
9.3.4 Reform in Mineral Royalty Payments	13
9.4 Measures Put in Place to Maximise Non-Tax Revenue	14
9.5 The Challenges Faced in Collecting Non-Tax Revenues	16
10.0 Tours	19
10.1 Local Tour	19
10.2 Foreign Tour to the Republic of Uganda	22
11.0 Committee's Observations and Recommendations	25
<b>PART II</b>	
12.0 Consideration of the Action-Taken Report	32
12.1 Consideration of the Action-Taken Report on the Report of the Committee for the Fifth Session of the Twelfth National Assembly	32
12.1.1 The Impact of Trade and other Partnership Agreements on the National Budget	32

12.2	Consideration of the Action-Taken Report of the Budget Committee for the Fourth Session of the Twelfth National Assembly	40
12.3	Consideration of the Action-Taken Report of the Budget Committee for the Third Session of the Twelfth National Assembly	46
12.3.1	Maximising Revenue Collection from Mines in Zambia – a Case of Mineral Royalty	48
12.4	Consideration of the Action-Taken Report on the Report of the Budget Committee for the Second Session of the Twelfth National Assembly	51
12.5	Consideration of the Action-Taken Report on the Report of the Budget Committee for the First Session of the Twelfth National Assembly	55
12.6	Consideration of the Action-Taken Report on the Report of the Committee on Estimates for the Fifth Session of the Eleventh National Assembly	56
13.0	Conclusion	57
	APPENDIX I	58
	APPENDIX II	59

# **REPORT OF THE PLANNING AND BUDGETING COMMITTEE FOR THE FIRST SESSION OF THE THIRTEENTH NATIONAL ASSEMBLY**

## **1.0 COMPOSITION OF THE COMMITTEE**

The Committee consisted of:

Mr Fred C Chaatila, MP, (Chairperson); Ms Jean C Chisenga, MP (Vice-Chairperson); Mr Miles B E Sampa, MP; Mr Machila Jamba, MP; Amb Robert K Kalimi, MP; Mr Koonwa Simunji, MP; Mr Brian Kambita, MP; Mr Gystave Chonde, MP; Mr Davison Mung'andu, MP; and Ms Mirriam C Chonya, MP.

The Honourable Madam Speaker  
National Assembly  
Parliament Buildings  
P O Box 31299  
**LUSAKA**

Madam

The Committee has the honour to present its Report for the First Session of the Thirteenth National Assembly.

## **2.0 FUNCTIONS OF THE COMMITTEE**

The functions of the Committee are set out in Standing Order No.195 of the National Assembly Standing Orders, 2021.

## **3.0 MEETINGS OF THE COMMITTEE**

The Committee held twelve meetings during the period under review to consider the topical issue.

## **4.0 PROGRAMME OF WORK**

At the commencement of the First Session of the Thirteenth National Assembly, the Committee adopted its Programme of Work, a summary of which is outlined below.

- a) Consideration of the Action-Taken Report on the Committee's Report for the Fifth Session of the Twelfth National Assembly.
- b) Consideration of the topical issue, namely: *Maximising Domestic Revenue Mobilisation vis-à-vis Non-Tax Revenue amidst High Public Debt Obligations*

- c) Local and Foreign Tours.
- d) Budget Performance Review.
- c) Consideration and adoption of the Committee's draft report for the First Session of the Thirteenth National Assembly.

## **5.0 ARRANGEMENT OF THE REPORT**

The Committee's Report is organised in two parts: Part I presents the findings from the Committee's deliberations on the topical issue, including the findings from the local and foreign tours; while Part II outlines the Committee's consideration of the Action-Taken Report on the Report of the Committee for the Fifth Session of the Twelfth National Assembly.

## **6.0 PROCEDURE ADOPTED BY THE COMMITTEE**

In order to fully interrogate the topical issue, the Committee requested detailed memoranda from various stakeholders, who were later invited to speak to their written submissions and make clarifications on issues arising there from. The list of stakeholders who made submissions to the Committee is at Appendix II.

### **PART I**

## **7.0 CONSIDERATION OF TOPICAL ISSUE**

### **MAXIMISING DOMESTIC REVENUE MOBILISATION VIS-À-VIS NON-TAX REVENUE AMIDST HIGH PUBLIC DEBT OBLIGATIONS**

#### **Background**

During the 2022 budget presentation, the Minister of Finance and National Planning indicated that public external debt amounted to US\$14.71 Billion as at end-September 2021. This has led to high debt servicing obligations with debt service and public salaries exceeding domestic revenues. As a result, the Government has very little resources to spend on programmes that contribute to economic growth and poverty reduction. In this regard, various initiatives are needed to release the much-needed cash resources to enable the Government to finance developmental programmes. In addition to various strategies in place such as engaging the International Monetary Fund (IMF) for support on the Economic Reform Programme, measures to enhance domestic revenue mobilisation through tax and indeed Non-Tax Revenue (NTR) will be important. In light of this, there was need to step up enforcement to improve compliance, as well as invest in human capacity development and technology to enhance domestic revenue collection.

According to the Ministry of Finance and National Planning, the collection of direct taxes was generally satisfactory over the years, while on the other hand, the contribution of NTR to Gross Domestic Product (GDP) remained minimal, averaging between 3 and 5 per cent. Nonetheless, NTR was an important source of public revenue, especially given the decline in official development assistance; rising indebtedness; limited domestic resource mobilisation capabilities; poor financial management; and systemic corruption, among other challenges.

Given the limited fiscal space, immediate measures are required to enhance the contribution of Non-Tax Revenue to support the budget. In view of the foregoing, therefore, the Committee resolved to undertake a study on ***“Maximising Domestic Revenue Mobilisation Vis-a-Vis Non-Tax Revenue, amidst High Public Debt Obligations”***

## **8.0 OBJECTIVES OF THE STUDY**

The objectives of the study were to:

- a. appreciate the policy and legal framework governing NTR collection;
- b. ascertain the existing types of NTR collected by various ministries, provinces and other spending agencies;
- c. appreciate the performance of NTR in the last five years;
- d. understand the measures put in place to maximise domestic resource mobilisation through NTR;
- e. understand the challenges, if any, in non-tax revenue collection; and
- f. recommend the way forward.

## **9.0 SUMMARY OF SUBMISSIONS BY STAKEHOLDERS**

The stakeholders who rendered both written and oral submissions are listed under Appendix I of the Report. Submissions by stakeholders are as summarised below.

### **9.1 Overview of Non-Tax Revenue**

#### **9.1.1 Introduction**

The Committee was informed that NTR for Zambia stood at an average of 20 per cent of the domestic revenue or 4 per cent of the GDP for five years; from 2016 to 2020. This revenue type had considerable potential to favourably contribute to domestic revenue especially with improved efficiency, transparency and accountability in revenue collection.

In terms of its composition, the Committee was informed that NTR included dividends from State Owned Enterprises (SOEs); fees charged against the provision of public services; mineral royalties; road and bridge tolls; and collections from rental of Government land and buildings. NTR was mainly collected by statutory bodies and other Government ministries and institutions.

### **9.1.2 Benefits of Non-Tax Revenue**

The Committee was informed that besides contributing to domestic revenue for the economic and social development of the country, NTR might be used as a tool to address some of the structural challenges in revenue collection. For example, the revenue base for NTR was wide because it generally did not discriminate who should pay unlike taxes which had a targeted base.

As tax related revenues came under stress for various reasons, including contracting economies; multiplicity of taxes; high tax rates; and other related reasons, the growing alternative of developing NTR emerged as a compliment towards increasing or maintaining total revenue.

The Committee was further informed that the Economic Commission for Africa (ECA) identified NTR as having the potential to become a much greater source of revenue. Stakeholders explained that diversity of NTR opened opportunities to increase revenue and achieve other policy objectives. For instance, countries could impose levies on environment damaging production and consumption and use the revenue to reduce environmental degradation or mitigate its impact. NTR could promote decentralisation if sub-national authorities were empowered to collect and use NTR to improve service delivery. Furthermore, the flexibility of NTR instruments could circumvent some of the entrenched structural challenges of tax collection, such as taxing multinational firms, by applying more direct levies.

### **9.1.3 Adequacy of Policy and Legal Framework Governing Non-Tax Revenue**

Most stakeholders submitted that the policy and legal framework for the collection of non-tax revenue in Zambia was fairly adequate. However, they noted that the legislation governing the collection of NTR was fragmented in various pieces of legislation. With regard to the institutional framework, they noted that NTR was collected through multiple sources by different Ministries, Provinces and Other Spending Agencies (MPSAs). The Ministry of Finance and National Planning was responsible for oversight and coordination of policies, as well as the implementation of NTR collection measures, while the Office of the Auditor General provided another layer of scrutiny in the oversight of NTR administration in order to ensure accountability in the collection and use of these NTR.

Some pieces of legislation that governed the collection of NTR are as outlined below.

**i. The Public Finance Management Act, No.1 of 2018**

The *Public Finance Management Act No.1 of 2018* provided for an institutional and regulatory framework for the management of public funds; strengthening accountability; oversight management; and control of public funds in the public financial framework, as well as the management and control of public assets and stores. It also empowered the Secretary to the Treasury to set targets for MPSAs for purposes of consolidating Government revenue.

The Committee was informed that generally; the *Public Finance Management Act No. 1 of 2018* was supported by various legal and regulatory frameworks for various MPSAs collecting non-tax revenues. These included Acts of Parliament and Statutory Instruments. Principally, these were the pieces legislation that provided for the various fees, fines, and charges (non-tax) that were collected by various institutions.

**ii. The Fees and Fines Act, No.11 of 2013**

User fees and fines were governed by the *Fees and Fines Act, No.11 of 2013*, which provided for the amount of fees and fines expressed in terms of the fee units and penalty units, as well for the conversion of existing fees and fines into fee units, and penalty units, among others. User fees and fines included charges for the issuance of licences and incomes from the sale of goods such as crops, and also fines on traffic offences.

**iii. The Toll Act, No.14 of 2011**

The collection of road tolls was regulated through the *Toll Act, No.14 of 2011*. The Act was promulgated to provide for the operation of road tolls; provide for the charging and collection of tolls; provide for private sector participation in the tolling of roads; among others.

**iv. The Road Traffic Act, No.11 of 2002**

Fees collected by the Road Transport and Safety Agency (RTSA) formed part of non-tax revenues. RTSA was mandated by the *Road Traffic Act, No.11 of 2002* to implement and coordinate road safety programmes that were aimed at reducing the likelihood and impact of road accidents. The Agency was also mandated to undertake activities relating to road transport and traffic management. In this regard, RTSA had a mandate to contribute to the pool of NTR.

**v. Mines and Mineral Development Amendment Act, No. 18 of 2018**

Mineral royalty was received as consideration for the extraction of minerals. It was part of the NTR governed by the *Mines and Mineral Development Amendment Act, No 18 of 2018*.

**9.2 Types of Non-Tax Revenue**

The Committee was informed that NTR comprised the elements outlined below.

**i) Property income**

This category included income to Government arising from the ownership of property; enterprises; financial assets; or intangible assets. Property income could take the form of dividends; interest; land rates; royalties; or withdrawals from entrepreneurial income.

**ii) Sales of goods and services**

This category included:

- a) sales by market establishments, administrative fees for services such as fees for drivers' licences; passports; visas; court fees; harbour fees; fees for birth; marriage or death certificates; and patent registrations;
- b) administrative fees that were sales of services associated with a regulatory function of Government, such as fees for the inspection of premises before delivering a business license, and considered to be proportional to the cost of producing the service;
- c) sales by non-market establishments such as fees at Government hospitals; tuition fees at Government schools; and admission fees to museums and parks; and
- d) leasing of buildings and equipment.

**iii) Fines, penalties and forfeits**

These included court and traffic fines.

#### iv) Other social contributions

This category included the actual and imputed contributions to social insurance schemes operated by the Government on behalf of employees that did not create a future defined liability.

#### v) Miscellaneous and unidentified revenue

This category consisted of unidentified NTR or those that did not fit into any of the other categories listed above. It included revenue such as gifts and transfers from individuals; private non-profit institutions; and non-governmental foundations.

Table 1 shows examples of the specific instruments to collect the NTR under the MPSAs.

**Table 1: Non-Tax Revenue collected in Zambia**

Institution	Non-tax revenue type
Zambia Police	<ul style="list-style-type: none"><li>• Admission of Guilt</li><li>• Fire-Arms Licence</li><li>• Interpol</li><li>• Finger Print</li><li>• Police Report</li></ul>
Ministry of Mines and Minerals Development	<ul style="list-style-type: none"><li>• Mining Licence</li><li>• Fees and Surface Rental</li></ul>
Ministry of Home Affairs and Internal Security	<ul style="list-style-type: none"><li>• Immigration Fees and Charges</li><li>• Passports fees</li><li>• National Registration, Births and Deaths fees</li><li>• Registrar of Societies fees</li><li>• National Archives fees</li></ul>
Ministry of Foreign Affairs	<ul style="list-style-type: none"><li>• Visa Fees</li><li>• Travel Document Identification</li><li>• Passport Fees</li><li>• Rent of Properties Abroad</li></ul>
Judiciary	<ul style="list-style-type: none"><li>• Fines of Court</li><li>• Court Fees</li><li>• Library Service</li></ul>
Ministry of Information and Media	<ul style="list-style-type: none"><li>• Private Radio/TV</li><li>• Zambia National Information Service (ZANIS)</li></ul>

	Ministry of Justice	<ul style="list-style-type: none"> <li>• Administrator General's Fees</li> <li>• Attorney General's Chambers-Debt Collection</li> <li>• Law Revision fees</li> </ul>
	Ministry of Commerce, Trade and Industry	<ul style="list-style-type: none"> <li>• Patents and Companies Registration Agency collections</li> <li>• Zambia Bureau of Standards collections</li> <li>• Zambia Compulsory Standards Agency collections</li> <li>• Competition and Consumer Protection Commission Collections</li> <li>• Zambia Metrology Agency collections</li> <li>• Zambia Development Agency Fees</li> </ul>
	Ministry of Finance and National Planning	<ul style="list-style-type: none"> <li>• Road Tolls</li> <li>• Commission on Third Party Micro-Financing</li> <li>• Interest on Loans to Institutions</li> <li>• Rent on Government Properties</li> <li>• Dividends</li> <li>• Exceptional Revenue</li> <li>• Betting and Lottery Control Board</li> <li>• Debt to Government</li> <li>• Money Lenders Licence</li> <li>• Zambia Revenue Authority (ZRA)</li> <li>• Mineral Royalty</li> <li>• Motor Vehicle Fees</li> <li>• Tourism Levy</li> <li>• Skills Development Levy</li> <li>• Insurance Premium Levy, and</li> <li>• Rural Electrification Levy</li> </ul>
	Ministry of Labour and Social Security	<ul style="list-style-type: none"> <li>• Registration Fees</li> <li>• Testing Fees</li> </ul>

		<ul style="list-style-type: none"> <li>• Plant &amp; Examination Fees</li> </ul>
	Ministry of Community Development and Social Welfare	<ul style="list-style-type: none"> <li>• Registration Fees</li> </ul>
	Ministry of Transport and Logistics	<ul style="list-style-type: none"> <li>• Road Traffic Collections</li> <li>• Aviation &amp; Landing Fees</li> <li>• Maritime &amp; Inland Waterways Fees</li> <li>• Temporal Air Service Permit</li> <li>• Pontoon fees</li> <li>• Dredging Equipment Hiring Fees</li> <li>• Printing Supplies</li> <li>• Weighbridge Charges</li> <li>• Misuse of Government Vehicles</li> <li>• Proceeds from Sale of Government Vehicles</li> <li>• Registration Fees</li> <li>• Government Transport Management Tools</li> </ul>
	Ministry of Water Development, Sanitation and Environmental Protection	<ul style="list-style-type: none"> <li>• Water Resource Management fees</li> </ul>
	Ministry of Infrastructure, Housing and Urban Development	<ul style="list-style-type: none"> <li>• Office Equipment and Maintenance Service</li> <li>• Valuation Fees</li> <li>• Damage to Government Property</li> <li>• Proceeds from Sale of Properties</li> <li>• Rent on Government Premises</li> <li>• Real Estates Consultancy</li> </ul>
	Ministry of Energy	<ul style="list-style-type: none"> <li>• Energy Regulation Board collections</li> </ul>
	Ministry of Tourism and Arts	<ul style="list-style-type: none"> <li>• Casino Licence Fees</li> <li>• Tourism Enterprise</li> <li>• Hotel Managers Registration</li> <li>• Hunting and Park</li> </ul>
	Ministry of Lands and Natural Resources	<ul style="list-style-type: none"> <li>• Registration &amp; Documents Fees</li> </ul>

		<ul style="list-style-type: none"> <li>• Survey Fees</li> <li>• Consent Fees</li> <li>• Considerations Fees</li> <li>• Preparation Fees</li> <li>• Interest on Late Payments</li> <li>• Ground Rent</li> <li>• National Land Titling</li> </ul>
	Ministry of Fisheries and Livestock	<ul style="list-style-type: none"> <li>• Fishing Licensing</li> <li>• Import &amp; Export Permit</li> <li>• Proceeds from sale of fish</li> <li>• Veterinary fees</li> <li>• Inspection Fees</li> <li>• Registration fees (Brand Marks)</li> <li>• Proceeds from sale of livestock and products</li> </ul>
	Ministry of Agriculture	<ul style="list-style-type: none"> <li>• Plant Quarantine &amp; Phytosanitary Services</li> <li>• Import &amp; Export Permits</li> <li>• Inspection Fees</li> <li>• Proceeds from Sale of Crops</li> <li>• Proceeds from Fertiliser Sales</li> </ul>
	Ministry of Green Economy and Environment	<ul style="list-style-type: none"> <li>• Forestry Revenue</li> <li>• Zambia Environmental Management Authority fees</li> <li>• Flower Sales</li> </ul>
	Ministry of Technology and Science	<ul style="list-style-type: none"> <li>• Zambia Information Communication Authority (ZICTA) Licence Fees</li> </ul>

*Source: Ministry Finance and National Planning*

### **9.3 Performance of Non-Tax Revenue**

For purposes of this report, the performance of the NTR will be evaluated through its contribution to domestic revenue and to GDP.

#### **9.3.1 Contribution of Non-tax Revenue to Domestic Revenue.**

The Committee was informed that taxes had continued to be the major source of revenue to finance Government expenditure and accounted for about 80 percent of total revenue, while NTR, including grants and other revenue, accounted for an

average of about 20 per cent of total revenue in the period 2016 to 2020, as illustrated in Table 2.

**Table 2: Trend of Non-Tax Revenue collections (2016-2020)**

YEAR	2016	2017	2018	2019	2020
Target - Non Tax (ZMW)	11,698,871,135.66	7,518,573,356.00	8,212,638,780.67	9,413,948,959.29	11,302,138,509.83
Actual - Non -Tax (ZMW)	10,856,284,529.62	6,068,726,137.78	8562,510,055.97	12,079,892,784.86	13,539,967,905.01
Variance	(842,586,606.04)	(1,449,847,218.22)	349,871,275.30	2,665,943,825.57	2,237,829,395.18
Domestic Revenue (ZMW)	38,884,607,218.07	42,558,698,562.20	52,802,505,876.99	60,492,308,368.41	65,721,736,066.18
% of Domestic Revenue	28%	14%	16%	20%	21%

*Source: Ministry of Finance and National Planning*

The analysis of the performance of Zambia's NTR collections during the period 2016 to 2020 revealed that in 2016 and 2017, the collections were below target. However, from 2018 to 2020, collections were consistently above target. The contribution of NTR to domestic revenue in 2016 reached the high of 28 per cent. However, it declined to 14 per cent in 2017 before increasing steadily to 21 per cent in 2020. The sharp reduction in NTR in 2017 was driven, largely, by the drop in dividends earned by the Government and reductions in mineral royalty due to the fall in commodity prices on the international market.

The Committee was further informed that one of the reasons for the over performance in the period 2018 to 2020, was the consistent funding of Appropriation in Aid (AIA) by the Treasury 2018 onwards, which had enabled Ministries and Government agencies to effectively carry out revenue generating activities, unlike prior to 2018 when funding was inconsistent. In terms of composition, the Committee heard that mineral royalty made up the largest share of NTR followed by dividends; user fees; fines; and charges as shown in Table 3 below. The other categories combined were quite insignificant.

**Table 3: Non-tax Revenue Outturn 2016-2021 for specific sources**

Source		2016	2017	2018	2019	2020	2021
Total User fees, fines and Charges (K'billion)	Target	7.43	4.14	4.24	3.95	4.98	4.95
	Actual	<b>2.25</b>	<b>3.35</b>	<b>3.91</b>	<b>5.53</b>	<b>4.81</b>	<b>3.03*</b>
Interest from On-lending/Dividends (K'billion)	Target	0.21	0.00	0.09	0.10	0.59	1.07
	Actual	<b>4.11</b>	<b>0.03</b>	<b>0.12</b>	<b>1.83</b>	<b>3.18</b>	<b>6.14*</b>
Mineral Royalty (K'billion)	Target	2.89	1.89	3.53	4.89	4.82	5.69
	Actual	<b>3.05</b>	<b>2.44</b>	<b>3.94</b>	<b>4.27</b>	<b>5.24</b>	<b>7.23*</b>
Motor Vehicle Fees (K'billion)	Target	n/a	0.53	0.08	0.10	0.15	0.09
	Actual	<b>n/a</b>	<b>0.05</b>	<b>0.09</b>	<b>0.08</b>	<b>0.06</b>	<b>0.05*</b>
FRA-Proceeds from Crop Sales(K'billion)	Target	0.86	0.65	0.09	0.19	0.57	0.60
	Actual	<b>1.43</b>	<b>0.06</b>	<b>0.30</b>	<b>0.16</b>	<b>0.07</b>	<b>0.02*</b>
Tourism Levy(K'billion)	Target	n/a	0.23	0.18	0.01	0.02	0.02
	Actual	<b>n/a</b>	<b>0.14</b>	<b>0.17</b>	<b>0.02</b>	<b>0.01</b>	<b>0.01*</b>
Skills Development Levy(K'billion)	Target	n/a	0.01	0.01	0.16	0.18	0.18
	Actual	<b>n/a</b>	<b>0.01</b>	<b>0.02</b>	<b>0.18</b>	<b>0.17</b>	<b>0.09*</b>
<b>Total (K'billion)</b>	Target	<b>11.39</b>	<b>7.45</b>	<b>8.22</b>	<b>9.40</b>	<b>11.31</b>	<b>12.60</b>
	Actual	<b>10.84</b>	<b>6.08</b>	<b>8.55</b>	<b>12.07</b>	<b>13.54</b>	<b>16.57*</b>

Source: Ministry of Finance and National Planning; \*As at September 30, 2021; n/a means not available

### 9.3.2 Non-Tax Revenue against Gross Domestic Product

During the period 2016 to 2020, the contribution of NTR to GDP averaged around 3.5 per cent of GDP. From the table below, the ratio of NTR to GDP in 2017 and 2018, declined from 5 per cent to 2 per cent before a steady rise to 4 per cent in 2019.

**Table 4: Performance of NTR against Total Revenue and GDP**

	2016	2017	2018	2019	2020	2021
<b>Percentage Contribution of NTR to Total Revenue</b>	22	28	14	16	20	21
<b>Percentage Contribution of NTR to DGP</b>	4	5	2	3	4	4

### **9.3.3 Implications of Debt, Deficit and Constrained Growth on Non-Tax Revenue Potential**

There were, however, difficulties with how effectively this could be done in view of what was foreseen as a constrained environment or extremely limited capacity for the economy to grow. NTR sources were predominantly household and private sector driven.

### **9.3.4 Reform in Mineral Royalty Payments**

The Committee was informed that mineral royalty was the main contributor to NTR despite the frequent changes to the mining fiscal regime. The changes in the mining fiscal regime led to a mixed performance in the collection of mineral royalties. For instance, in 2019, the Government introduced a new mining fiscal regime which included the following:

- (a) increasing mineral royalty rates by 1.5 percentage points at all levels on the sliding scale;
- (b) introducing a fourth-tier rate at 10 percentage points on the sliding scale mineral royalty regime, which would apply when copper prices rise beyond US\$7,500 per metric tonne; and
- (c) making mineral royalty tax non-deductible for income tax purposes.

The factors above led most mining firms to rise in protest over the 2019 mining regime, resulting in less than usual production and in turn, underperformance of mineral royalties. Consequently, the mineral royalty collections fell below budget by 13 per cent in 2019, against a target of K4.9 billion. The slowdown in production by most mining firms coupled with the shutdown of the smelters at some mining companies led to lower than planned mineral royalty collections, resulting in their inability to meet their tax obligations. In 2020, however, mineral royalties were above target by 8.7 per cent due to the increase in production signalled by the rise in copper prices. Copper prices on the London Metal Exchange rose from US\$6,049 per metric ton in January 2020 to US\$7,755 per metric ton in December, 2020. The rise in copper prices was, in part, fuelled by increased demand for the metal in the manufacture of electric cars, infrastructure development and scaling renewable energy.

#### **9.4 Measures in place to maximise Non-Tax Revenue**

The Committee was informed that the Government had implemented a number of measures through MPSAs to enhance collection of NTR. Some of these are as outlined below.

- **Direct deposit of revenue**

From January 2013, the Government made it mandatory for all ministries, provinces and revenue-collecting statutory bodies to deposit all collections of fees and fines directly into the Treasury Single Account (TSA). This was to curb revenue leakages.

- **Appropriation-In-Aid**

The Government considered NTR as an integral part of domestic revenue and, therefore, had put in place mechanisms such as AIA, which prioritised funding to revenue collecting institutions to enable them effectively and efficiently carryout revenue generating activities. The funds provided under this mechanism, were to be used exclusively for activities linked to revenue generation and could not be varied to other programmes. This was in line with the *Public Finance Management Act, No. 1 of 2018*.

- **Improved public service delivery efficiency**

Government institutions had been improving their services by making systems more efficient and accessible. Under the Ministry of Lands and Natural Resources, the establishment of the Lands and Deeds Registries in Lusaka was gazetted and operationalised in December 2021, while the Chipata District Registry would be operationalised by the 1<sup>st</sup>quarter of 2022. It was assumed that the foregoing measure would positively contribute to the collection of non-tax revenue.

Other specific measures introduced by the Ministry of Lands and Natural Resources included:

- a) Short Message System (SMS) being sent to clients to alert them of bills;
- b) piloting of the mobile money payment option;
- c) extended opening hours of the Customer Service Centre and the bank at Ministry Headquarters which operated on Saturdays from 08:30hrs to 12:30hrs;

- d) use of the district forestry offices to distribute ground rent bills and collect revenue before the realignment of functions;
- e) entering into service level agreements with agencies that had a comparative advantage of nationwide coverage for purposes of ground rent bills distribution and ground rent payment collection; and
- f) enhanced the land management information system by, among other things, improving the billing module and interfacing with banks and other service providers to allow clients use electronic payment platforms and mobile applications.

- **Diversification of NTR sources**

The Committee learnt that the Government had introduced some new instruments such as the road tolling system and skills levy. The tolling system commenced in 2014, with tolling of commercial traffic using the existing weigh bridge infrastructure, while toll gates were constructed in a number of places. In 2017, the Government accelerated the construction of toll sites across the country under the National Road Tolling Programme.

- **Modernisation and automation of revenue collection processes**

The Committee was informed that one of the best ways to maximise revenue collection, was to seal existing revenue leakages. One way of doing this, was through automation of revenue collection processes. The automation included installation of point of sale terminals, electronic payment solutions with banks and integration of the online payment platform with the Government Service Bus (GSB). With the increased use of online systems, there were improvements in administrative efficiency by reducing errors, lessening processing times and lowering administration costs. Rent-seeking opportunities had also been minimised due to a decreased level of interaction between revenue collection staff and tax payers. Some of the specific measures included the ones outlined below.:

- a) The Road Transport and Safety Agency (RTSA) provided online applications for driver's licence, that is, both renewal and duplicate; roadworthiness application (road fitness test); motor vehicle licence (road tax); and temporary motor vehicle registration.
- b) The Ministry of Agriculture, in partnership with the Zambia Revenue Authority (ZRA), and Smart Zambia Institute established an electronic system called the Zambia Electronic Single Window System. The Zambia Electronic Single Window System provided a platform for clients to apply for permits

online and assist the Ministry in tracking all permits issued for greater accountability.

- c) The *Lands and Deeds Registry (Amendment) Act, No. 39 of 2021* provided for electronic registration; use of digital signatures; maintenance and issuance of records relating to land; and related rights in electronic form and electronic lodgement of documents by the public. Further, amendments to the Act facilitated for a systematic regularisation of unplanned settlements as it permitted batch processing of certificates of title through electronic means. The provisions in the Act had enhanced collection of non-tax revenue through an increased number of documents lodged for.
- d) registration which attracted payment of statutory fees.

Other measures included the ones listed hereunder.

- RTSA conducted mobile licensing operations to take services nearer to the public where the Agency had no presence. The Agency also engaged agents such as Zambia Postal Services (ZAMPOST), insurance companies and local authorities to deliver services and collect revenue.
- The Government, through Cabinet Office, issued Circular No.11 of 2020, as a deliberate policy to compel all Government institutions to procure all their stationery and accountable documents from Government Printers.
- ZRA and the Patents and Companies Registration Agency (PACRA), had established an interface used for information sharing for purposes of tax registration and compliance enhancement. Businesses that registered with PACRA were automatically registered by ZRA through this interface. There were intentions to extend the interface to institutions such as RTSA; the Government Services Bus; Integrated Financial Management Information System (IFMIS); and the Zambia Public Procurement Authority (ZPPA).

## **9.5 The Challenges Faced in Collecting Non-Tax Revenues**

The Committee was informed that various factors hindered effective and efficient collection of NTR. These are:

### **i) Revenue leakages**

The use of manual revenue collection processes created prospects for revenue leakages. The manual revenue collection processes also hindered accountability and transparency in NTR collections. Inefficient collection of non-tax revenue and its

misallocation were common, reflecting a lack of systematic; transparent; accountable; coordinated; and regularly monitored data compilation. This resulted in a lack of clarity about the amount of revenue collected and its allocation; and increased the potential for misuse and corruption, thus weakening incentives to better report NTR.

**ii) Challenges related to integration of technology**

These related to glitches in the deployment of new technology. In some cases, there was lack of interface between point of sale machines and Government servers. There was lack of integrated financial management systems between Government institutions and commercial banks and among Government institutions themselves. Particularly for RTSA, the discrepancy between what was on the RTSA database system and the vehicles that were actually on the ground had also contributed to the sluggish performance in the collection of RTSA fees.

**iii) Lack of effective supervisory mechanism of State-Owned Enterprises and Private Companies with Government Investments**

Poor management and inadequate supervision of SOEs led to continued transfers of funds from the Treasury to these institutions to sustain their operations. This had denied the Treasury an opportunity to collect profits and dividends as well as interest that could have been earned if that money would have been invested elsewhere. Poor supervision of private companies with Government investment continued to deny the Treasury receipt of dividends.

**iv) Understaffing and lack of logistical support**

Understaffing and lack of adequate logistical support made the collection and expansion of the coverage of NTR difficult amongst collecting agencies.

**v) Delayed funding and inadequate levels of Appropriation-in-Aid funding**

The Government departments and agencies that collected NTR experienced delays in funding and sometimes the funding was inadequate. This resulted into underperformance and reduced NTR collections.

**vi) Non-revision of fees and fines by the Government**

The non-revision of fees and fines, over time, had eroded the ability of collecting agencies to meet the cost of providing services to the public and economic entities.

Stakeholders proposed an upward adjustment of the fees and fines to cost-reflective levels.

**vii) Limited equipment**

Collecting agencies did not have sufficient equipment, such as computers and motor vehicles to support their respective mandate of revenue collection. There was inadequate transport to undertake inspections especially in hard-to-reach areas thereby negatively affecting revenue collection.

**viii) Limited knowledge of users**

The Committee was informed that the public was not fully sensitised on how electronic platforms, such as the Government Service Bus and the Zambia Electronic Single Window operated thereby negatively affecting the uptake of these platforms.

**ix) Delayed legislative processes**

Some Government departments and agencies that collected NTR experienced long delays in the revision or enactment of supportive legislation to improve collections of NTR.

**x) Centralised licensing**

Most licensing activities were centralised, thereby, denying those outside Lusaka the opportunity to engage in this business and evidently impacting on revenue collection.

For departments such as the Department of Maritime and Inland Waterways, collection of revenue was done through officers that had to travel from Lusaka to various water bodies for vessel inspections and testing of competence, which was costly and time consuming and not undertaken as often as it should be.

**xi) Low payment compliance by Government entities**

Collection was affected by the low payment compliance by Government agencies that accessed the services but delayed in remitting funds. The delayed remittances led to a build-up in arrears.

## **xii) Lack of stiff punitive measures for non-compliance**

The lack of or inadequate penalties for non-compliance had contributed to the low collection of NTR. Penalties promoted compliance and acted as a deterrent to would be offenders.

## **xiii) Poor Infrastructure**

Poor infrastructure necessary to support the mobilisation of non-tax revenue constrained efforts to broaden the NTR base. A well-developed infrastructure was one of the key requirements for efficient and effective collection and depositing of NTR. It was worth noting that Zambia still lagged behind in infrastructure development. The road network to outlying areas was poor; some stations were still non-computerised; borders remained porous; rural banks close to collecting points were limited and in some instances these stations lacked electricity to support information technology.

## **10.0 TOURS**

### **10.1 Local Tour**

To consolidate its findings during the long meetings, the Committee undertook field visits to appreciate the challenges being encountered in the collection of tax revenue and there from recommend measures to intensify the contribution on NTR to the Treasury. In this regard, the Committee visited and held meetings with the following institutions: Livingstone Tourism Association; Livingstone Chamber of Commerce; the Zambia Tourism Agency the Zambia National Airports Corporation; Kitwe City Council; and Mopani Copper Mines. The following where some of the major findings on domestic revenue in general and NTR in particular.

#### **a) Tourism Sector**

Stakeholders pointed out that the country's resource endowments such as wildlife, waterfalls and water bodies, in Zambia presented enormous opportunities for Zambia. The tourism sector was one of Zambia's best potential prospects for driving the economic diversification agenda and stimulating growth. The sector had a critical role in job creation, foreign exchange earnings, and infrastructure development, among others.

Following the deliberations with stakeholders in the tourism sector, what emerged was that Zambia was relatively uncompetitive when compared to other tourist destination sin the region, due to the high cost of doing business.

Stakeholders informed the Committee that among the major constraints experienced in the tourism sector, the poor road network and infrastructure significantly limited access to tourism sites, especially in areas outside the Southern Province. Underdeveloped accommodation infrastructure in key regions such as the northern parts of the country and poor sanitation infrastructure greatly affected the stay of tourists.

The Committee was informed that following an agreement which Zambia entered into with the World Trade Organisation, where tourism business was opened to other countries by just meeting domestic obligations, tour operators from other countries were allowed to operate in Zambia as tour guides without paying the necessary fees that were demanded from the local operators. On the contrary, Zambian operators did not have the same opportunity in other countries and were required to register a company to provide tour guide services in neighbouring countries.

Stakeholders lamented that the Government would continue losing revenue, as tour operators from neighbouring countries would continue to work in Zambia at a minimal fee at the expense of Zambian operators, who could not do the same in the other jurisdictions.

## **b) Kenneth Kaunda International Airport**

The Committee held a meeting with the Management of the Zambia Airports Corporation Limited (ZACL) and toured the new Kenneth Kaunda International Airport (KKIA) facility. Among other functions, the ZACL had a mandate of developing, maintaining and operating four international airports, seven provincial and three strategic aerodromes, and providing air navigation services across the entire Zambian airspace. Through its mandate, ZACL was key in contributing to sustainable national economic development through facilitation of, trade, investment, and tourism. The Committee was informed that the main revenue streams were from aeronautical operational, and non-aeronautical, with aeronautical contributing 90 per cent of the revenue.

The Committee learnt that the new KKIA infrastructure was a critical step towards attaining the Corporation's goal of making Zambia a regional aviation hub. Specifically, facilities at the new infrastructure were envisaged to, among other things diversify the Corporation's revenue portfolio through expanded retail and

office spaces. This would contribute to improving the Corporation's profitability and sustainability. In addition, the Corporation had a goal to lower passenger fees in order to actualise the Government aspirations of transforming KKIA into a SADC aviation hub. ZACL was also committed to attracting new airlines through aviation related events/incentives for new route development.

ZACL informed the Committee that the Corporation was facing various impediments in its quest to maximise non-tax revenue collection. Some of the constraints included: limited air traffic demand; fluctuating exchange rates; volatility of the aviation industry; lack of adequate Meetings; Incentives; and Conferences and Exhibitions (MICE) infrastructure to support growth.

### **c) Kitwe City Council**

The Committee was informed that local authorities collected an assortment of NTR such as fees for various licenses and permits. However, this revenue was utilised by the local authorities for their operations and was not remitted to the national Treasury. These included fees for trading licenses or business levy, charges on grain, fees for fire certificates, timber levy, fish levy, and fees for permits for movement of cattle.

The Committee was informed that the local authorities faced a number of challenges which inhibited adequate collection of revenue. It was submitted that the actions of political party cadres in markets and bus station facilities; land administration; and leasing of council properties over the past years had greatly affected collection of levies, fees and charges. Inadequate investment in Information and Communication Technology further affected efficiency and optimal collection of NTR by councils. Other factors included inadequate transport to facilitate collection of revenue and limited human capacity for officers in charge revenue collection.

### **d) Mopani Copper Mine**

The Committee was informed that on 31<sup>st</sup> March, 2021 Zambia Consolidated Copper Mine Investment Holdings (ZCCM-IH) PLC acquired the shareholdings of both Glencore and First Quantum Minerals and Mopani became 100 per cent subsidiary of ZCCM-IH. The Committee was further informed that the Mopani was one of the largest mines in Zambia and had employed over 12,000 staff. Mopani embarked on expansion projects to increase the life of the Mine and the works were at various stages of completion. The cost of the various projects was estimated at US\$300 million. The developed reserves stood at six months with the aim of increasing production up to 12 months cover from the year 2023, while copper production was expected to increase to 225, 000 cathode tonnes per annum from the year 2025.

The Committee noted that like other mines, Mopani, was paying non-tax revenue to the Government such as Mineral Royalty Tax (MRT), property rates, licence fees and other fees collected by local authorities. The Committee learnt that the various challenges that the Mine was experiencing had significant ripple effects on mineral production and subsequently meaningful remittance of non-tax revenue. Among the notable challenges experienced by Mopani were escalating fuel costs and energy costs, high MRT rate, cost of capital and unresolved VAT refunds. While commending the Government for the deductibility measure of MRT, Mopani proposed that the tax rate should be reduced from the current 10 per cent. They were of the view that the current rate was too prohibitive and discouraged investment. They further proposed that capital allowance should be 100 per cent and that the Government should provide a level of certainty for the life of mine planning and analysis.

## **10.2 Foreign Tour to the Republic of Uganda**

In line with its programme of work, the Committee undertook a benchmarking tour to the Republic of Uganda. The objective of the tour was, for the Committee to learn best practices and share experiences with regard to NTR and measures to enhance its contribution to domestic revenue.

The Committee interacted and had meetings with the following:

- i. Deputy Speaker;
- ii. Leader of Opposition;
- iii. Budget Committee;
- iv. Committee on Finance;
- v. Parliamentary Budget Office;
- vi. Former Commissioner Customs of the Uganda Revenue Authority;
- vii. Minister of Finance and Economic Development;
- viii. Local Government Finance Commission; and
- ix. Civil Society Budget Advocacy Group.

The Committee's findings are as highlighted hereunder.

### **i. Charter on Fiscal Responsibility**

The Committee was informed that the Charter for Fiscal Responsibility (CFR) was a critical tool in the provision of guidance on management of fiscal policy by the Ugandan Government. The CFR contained measured fiscal objectives and spelt out the Government's fiscal responsibilities for five years that would ensure sustainable

delivery of the socio-economic transformation. The Committee learnt that the principles of the Charter were set out in section 4(3) of the *Public Financial Management Act, 2015*. Some of the fundamental principles of the CFR included sufficiency in revenue mobilisation to finance Government programmes, management of revenues from petroleum sources and other finite natural resources for the benefit of the current and future generations, and consistency of the Medium-Term Expenditure Framework with the National Development Plan. This tool was relevant in revenue mobilisation including NTR. The Government was held accountable on the sufficiency in revenue mobilisation to finance Government programmes.

## **ii. Centralisation of Revenue Collection**

The Committee was informed that the objective of the Ugandan Government was to increase NTR collections and its contribution to Gross Domestic Product (GDP) by 0.1 per cent every financial year through further enhancement of NTR administration, accountability and reporting. Following the amendment of public financial management principal legislation and subsequent enactment of the *Public Financial Management Act, 2015*, the mandate to collect NTR became the responsibility of the Uganda Revenue Authority (URA). In line with the Act, on 1<sup>st</sup> July, 2017, Cabinet directed that all Ministries, Departments and Agencies (MDAs) should transfer the responsibility to collect all NTR to Uganda Revenue Authority (URA), which would be remitted the NTR to the Uganda Consolidated Fund (UCF) through its web portal. With this measure, the contribution of NTR to GDP increased by 0.5 percent while the contribution to total revenue had grown from 6.6 per cent in Financial Year (FY) 2016/17 to 7.9 per cent in FY 2019/20. In addition to the significant increase in revenue, the Committee learn that the measure had recorded significant reduction in the scope of revenue leakages.

## **iii. Non-Tax Revenue Legal Framework**

The Committee heard that the 1995 Constitution of the Republic of Uganda made provision for the local authorities to appropriate, collect and utilise revenue at source. This constitutional provision was also reflected in the *Local Government Act of 2005*. It was highlighted that the reform to transfer the mandate of collecting NTR to URA in the *Public Financial Management Act, 2015* including the Cabinet directive, was not in line with the Constitution. To this effect some stakeholders proposed for the lacuna to be addressed.

#### **iv. Local Government System**

Just like in the Zambian case, the Committee was informed that local authorities had the mandate to collect revenue within council jurisdiction and utilise the money at source, prior to 2017. However, the enactment of the *Public Financial Management Act, 2015* limited the fiscal role of local authorities to assessments of NTR, implementing enforcement measures and following up on arrears, among other functions of councils, while the collection mandate was transferred to URA. This reform was necessitated by the lack of full disclosure of revenue collected, poor accountability accompanied by consistent findings by the Auditor General of under declarations. Other than the under-declaration challenge, the Ugandan Government argued that local authorities were endowed differently, with urban councils having an advantage in terms of revenue base in comparison to rural councils. In this regard, the centralised reform was intended to also limit fiscal distortions and reduce inequalities among councils.

The Committee was further informed that although the funds were remitted to the Consolidated Fund, local authorities' budgets were approved and appropriated by Parliament. MDAS were, therefore, funded according to budgets. Notably, there were delays in releases of funds and in some cases budget cuts, due to the limited fiscal space which many African countries were grappling with.

On the contrary, the local government argued that the revenue centralisation reform compromised the principle of decentralisation and greatly affected service delivery. Limited incentives were provided to incentivise the MDAs that assessed and delivered output on which NTR was collected. To this effect, a motion urging the Government to reverse the policy of centralising the local government revenue was moved by the opposition. The motion was unanimously adopted by the National Assembly in the just ended Eleventh Parliament.

#### **v. Integrated Revenue Administration System**

The Committee learnt that the local Government had implemented the Integrated Revenue Administration System in local authorities to strengthen the framework for monitoring and reporting of NTR. The system enabled the Government to efficiently devise appropriate measures for respective councils due to availability of real time NTR collection records. Further, the system strengthened the uniformity of fees and charges levied in all councils.

#### **vi. Front loading of Releases**

Following the measure to centralise collection of NTR, the Government was front

loading resources to MDAs in line with appropriated budget on a quarterly basis to facilitate their operations and enhance revenue collections. The resources advanced to the MDAs were expected to be collected by these MDAs.

**vii. Full Automation of Non-Tax Revenue Assessments, Billing and Payments**

The Committee was informed that before the financial year 2014/2015, MDAs used a cash-based system for recording payments. This system limited oversight and accountability for revenues collected. Following the measure to centralise collection of NTR, all NTR payments were fully automated and collected through the URA portal. This reform saw a complete automation of NTR assessment, billing and payment. Further, payment of NTR was simplified with an added option of mobile money payments. The immediate result of automation increased collection in NTR and this was demonstrated by the attainment of the target within three months in the 2017/2018 FY.

**11.0 COMMITTEE'S OBSERVATIONS AND RECOMMENDATIONS**

Having carefully reviewed the submissions from various stakeholders and the findings from the local and foreign tours undertaken, the Committee notes that there is considerable potential to improve the collection of NTR. In light of this, the Committee makes its observations and recommendations as presented below.

**i) Policy Consistency**

The Committee observes that frequent changes to the mining fiscal regime including mineral royalty discourage investment thereby limiting the sector's growth potential.

In light of this, the Committee strongly recommends that the Government should prioritise designing of a predictable and stable mining fiscal regime that should be hinged on empirical evidence and benchmarked against industry best practices, while ensuring that the mining sector contributes a fair share to domestic revenue.

**ii. Balance between Non-Tax Revenue enhancement and citizen's welfare**

While the Committee supports the need to increase the share of NTR to total domestic revenue and GDP, it observes that most sources of NTR such as fees, charges and fines, among others, tend to overburden citizens and consequently have negative implications on the ordinary Zambians.

Therefore, the Committee recommends that in its quest to enhance NTR, the Government must strike a balance between revenue enhancement and safeguarding the welfare of ordinary Zambians.

### **iii. Measures to increase the contribution of revenue from the mining sector**

The Committee acknowledges the fact that although the re- introduction of mineral royalty as a deductible expense for corporate income tax assessment purposes is associated with revenue loss, the measure is envisaged to spur investment in the sector, thereby creating jobs and increasing revenue in the form of taxes in the long run.

However, in order to hedge against further revenue loss as a result of transfer pricing and other illicit financial flows, the Committee strongly recommends that the Government should invest in capacity building for institutions responsible for the auditing of mining companies in order to safeguard against vices that erode both tax and NTR.

### **iv. Standardisation of Data Computation and Reporting**

The Committee notes, with serious concern, the significant disparities in data relating to NTR from various MPSAs and the Zambia Statistical Agency. This is primarily because of misclassification of the composition of NTR. This distortion in data has the potential to affect policy formulation, and makes it difficult to benchmark with other countries.

In this regard, the Committee strongly urges the Government to adopt uniform classification criteria and ensure that all MPSAs strictly adhere to the criteria. The measure will eliminate the disparities and will correctly inform policy formulation.

### **v. Timely Disbursement of Funds and Adequacy Levels of Appropriation-in-Aid to NTR Collecting Agencies**

The Committee observes that some Government departments and agencies that collect NTR are mostly affected by either delayed funding or inadequate levels of funding from the Central Government, resulting in underperformance and reduced NTR collections.

The Committee acknowledges the constrained fiscal space that the economy is experiencing. Nonetheless, the Committee urges the Government to improve

funding to the NTR collecting agencies by ensuring timely disbursement of the appropriated funds.

Further, while commending the Government for the initiative of AIA being implemented, the Committee recommends that the Government should ensure that the AIA given to collecting agencies should be commensurate to the operational cost required to meet set revenue targets.

#### **vi. Strengthen supervision of State-Owned Enterprises**

The Committee observes that SOEs remain a critical source of employment, public service provision, and socio-economic development. However, the underperformance of these institutions has led to continued transfer of funds from the Treasury to sustain their operations. This has denied the Treasury the opportunity to collect profits and dividends, as well as interest that could have been earned if that money had been invested elsewhere.

In light of this, the Committee strongly recommends that the Government should undertake a comprehensive review of the general performance of SOEs and develop robust reforms to improve the efficiency in the operations and performance of SOEs.

Further, the Committee recommends that the Government must strike a balance between a state ownership mandate such as appointing boards and providing oversight and improving SOEs competitiveness simultaneously.

#### **vii. Facilitate a Conducive Business Environment for the Manufacturing Sector**

In as much as NTR is an important source of income for Zambia, the Committee observes that the large component of statutory fees, such as workers' compensation fees, penalties and other licence fees and permits is increasingly becoming a serious cost for doing business in the manufacturing sector and consequently, a disincentive. Further, the high cost of doing business in the manufacturing sector negatively affects the competitiveness of local products against foreign products in domestic and export markets.

The Committee strongly recommends that in order to provide a conducive business environment, the Government should revise and streamline the structure and requirements of statutory licenses and permits in order to ease business set up and continuity, especially for small, and medium enterprises.

### **viii. Enhance use of ICT Services**

The Committee notes that some user fees and fines such as the issuance of National Registration Cards (NRCs) are still collected manually and is of the view that this is a recipe for revenue leakages.

Therefore, the Committee urges the Government to migrate all Government revenue generating services to the e-Government system in order to enhance revenue collection and transparency.

### **ix. Revenue Leakages**

The Committee observes that weak internal controls and manual collection of revenue by some MPSAs are some of the main causes of revenue leakages. In addition to the inefficiencies in revenue collection, the revenue collected is subjected to misallocations for various reasons.

The Committee, therefore urges the Government to intensify internal control measures to mitigate revenue leakages in MPSAs. The Committee further reiterates that the Government should strengthen efforts aimed at completely migrating from manual revenue collection processes to an automated system in order to not only enhance efficiency, but also transparency and accountability.

### **x. Single Licensing System**

The Committee observes with concern the burden placed on tourist operators due to the administrative and regulatory requirements by statutory bodies such as the Zambia Tourism Agency, PACRA and Zambia Revenue Authority. While it is critical for Government to attain standards and compliance and at the same time raise NTR, the Committee contends that the multiplicity in licensing has the potential to discourage new business entrants and sustainability of existing businesses.

In this regard, the Committee urges the Government to review the licensing mechanism to promote single licensing so as to encourage compliance while at the same time reducing the cost of business due to the licensing and license renewal requirements.

### **xi. Enhanced Public and Private Participation**

The Committee notes that effective partnerships between the Government and the private sector in the tourism sector are key. It is the view of the Committee that this

synergy presents an opportunity for the Government to appreciate the tourism environment and the challenges that surround the business environment.

In order to develop appropriate policies and strategies and provide a functioning tourism sector to forge strong partnerships, the Committee strongly recommends that the public and private sector should establish strong partnerships aimed at enhancing a functioning sector to attract investment.

#### **xii. High Operation Costs in the Tourism Sector**

The Committee observes that the tax regime currently being applied in the tourism sector is too high, making it expensive to do business as well as attract either tourists or investment. The high cost of tourism activities relative to the neighbouring countries also discourages tourists to consider Zambia as a choice of tourism destination, hence the continued loss of potential revenue. This status quo has partly resulted in limited or no support from foreign airlines operating long haul routes into Zambia because of the expensive landing and ground handling services, including high fuel taxes.

In light of this, the Committee, therefore, recommends that the tax measures in the tourism sector be reviewed. The Committee further urges the Executive to ensure that landing and ground handling fees are reduced to attract foreign airlines operating long haul routes to land, park and refuel in Zambia.

#### **xiii. Review Operations of Tour Guides and Tour Operator**

The Committee observes that the agreement which Zambia entered into with the World Trade Organisation has proven to disadvantage local tour operators. Of particular note is the practice where tour operators from neighbouring countries can freely operate in Zambia as tour guides without paying the necessary fees that are demanded from the local operators. On the contrary, Zambian tour operators do not have the same privilege but are, however, required to register a company to provide tour guide similar services in neighbouring countries.

In light of this, the Committee strongly urges the Government to undertake a comprehensive review of the operations of local tour guides and tour operators to ensure that they are not disadvantaged.

#### **xiv. High Cost of Mining Operations**

The Committee observes that the cost of doing business in the mining sector is costly especially when the mine is not operating at full capacity. Particularly, the

Committee notes that Mopani Copper Mine is unable to expand production due to financial challenges and bureaucracies around acquiring a credit facility. The Committee further observes that the US\$10 million dollars Mopani Mine is paying for power to CEC per month is too high.

Cognisant of the ongoing processes between the Ministry of Finance and National Planning in the quest to access a credit facility, the Committee strongly urges that ZCCM-HI being the sole shareholder of Mopani Copper Mine, to urgently expedite finalisation of the processes relating to credit in order to facilitate completion of the remaining works to enable the mine to operate at full capacity.

#### **xv. Capacity enhancement**

The Committee observes with concern the lack of capacity building of officers in charge of revenue generation and collection in public institutions including local authorities which leads to uncollected revenue and revenue leakages.

In order to enhance revenue generation, the Committee recommends that officers in charge of revenue generation and collection should be capacitated in resource mobilisation in order for them to be able to discharge their mandate effectively and avoid loss of revenue due to lack of capacity.

#### **xvi. Prioritise Meetings, Incentives, Conference/Conventions and Exhibition Facilities**

The Committee notes that Zambia lacks adequate MICE facilities and this reduces potential tourists and subsequently revenue collection such as tourism levy.

In this regard, the Committee urges the Government to prioritise MICE in order to be able to host regional and international conferences and in turn boost revenue from the tourism sector, promote local culture and small businesses.

#### **xvii. Pilot Centralisation of Non-Tax Revenue in Local Authorities**

The Committee notes the robust measures undertaken by the republic of Uganda such as the centralised collection of NTR by the URA and its subsequent remittance to the Consolidated Fund, have contributed to a boost in NTR.

In the Zambian context, the Committee observes with concern that although collections by local authorities are not channelled to central Government, a substantial proportion of potential revenue remains uncollected coupled with under declaration and unaccountable revenue. The Committee notes that the potential for

local authorities to collect NTR and guarantee self-sustainability is immense and would relieve Government of the constant financial support for their operations if robust measures were to be implemented.

In order to boost NTR contribution to the Treasury, the Committee recommends the following measures and urges the Government to:

- a) consider piloting centralised collection of NTR in selected local authorities by a suitable institution with a possibility of rolling out the measure, depending on the outcome of the pilot;
- b) strengthen measures to eliminate irregularities relating to revenue under declaration and unaccounted for revenue in local authorities and MPSAs; and
- c) to consider appropriation of local authorities' budgets by the National Assembly and fund the councils according to the budget while considering revenue mobilised by councils. This is in order to reduce fiscal distortions.

#### **xviii. Automate payments of all Non-Tax Revenue**

The Committee observes that in addition to centralising collection of NTR, the measure to fully digitalise payment of NTR in Uganda has significantly contributed to the drastic increase in collection of NTR, improved transparency and accountability.

With the fall in NTR collection below the set Budget target for the first quarter of 2022, the Committee expresses concern that if robust measures are not implemented, efficient programme implementation may be threatened in the 2022 financial year.

In this regard, the Committee strongly urges the Government to leverage on the growing financial inclusion in the Country and fully automate payment of NTR including simplifying payments through the use of mobile money, that are easily accessible. The Committee recommends that automation should also be extended to NTR assessments and billing. This measure will indisputably boost NTR collection.

#### **xix. Digitalise Registers for all Potential Non-Tax Revenue Payers**

The Committee notes that the poor collection in NTR by some MPSAs and local authorities is as a result of poor record management. The Committee is of the view that this anomaly limits efficiencies in collections, follow ups on arrears and accountability. The Committee observes that this measure has contributed to NTR monitoring and forecasting for obvious NTR sources in the Republic of Uganda.

To strengthen accountability and forecasting, the Committee strongly urges the Government to, as a matter of urgency, ensure that all NTR collecting agencies and local authorities digitalise and maintain electronic registers for all possible NTR payers.

## **xx. Intensify Poverty Reduction Measures**

The Committee observes a strong correlation between poverty levels and tax and NTR revenue collection. The Committee is of the view that, *inter alia*, high poverty levels contribute to low performance of revenue, especially NTR due to limited economic activities by people living in poverty.

Among the measures to intensify revenue collection, the Committee strongly recommends that the Government should be deliberate about implementing measures aimed at reducing poverty in order to facilitate participation of people living in poverty and low-income earners and in turn increase the scope and revenue base.

## **PART II**

### **12.0 CONSIDERATION OF THE ACTION-TAKEN REPORT**

The Committee considered the Action-Taken Report (ATR) on the Committee's Report for the Fifth Session of the Twelfth National Assembly as outlined below.

#### **12.1 Consideration of the Action-Taken Report on the Report of the Committee for Fifth Session of the Twelfth National Assembly**

##### **12.1.1 The Impact of Trade and other Partnership Agreements on the National Budget**

###### **i. Policy and Legal Framework**

The previous Committee had urged the Executive to ensure that all legal and policy provisions on trade partnerships were fully implemented without any further delay. In addition, specific time frames should be given in which the different legal and policy documents would be implemented.

###### **Executive's Response**

The Executive, through the Action-Taken Report responded that the Government had taken note of the Committee's recommendation and would ensure that all legal and policy partnerships were implemented for the benefit of Zambia. With regard to specific time frames of implementation, Government through the Ministry of

Commerce, Trade and Industry, would endeavour to develop the time frames of implementation in consultation with other Ministries and other relevant stakeholders and would accordingly, inform the Committee after conducting internal planning and consultations.

It was, however, important to note that implementation of certain policy provisions required resources and could only be fully implemented as and when Government resources were available.

### ***Committee's Observations and Recommendations***

While noting the response from the Government, the Committee urges the Government to expedite the implementation process. More importantly, the Government should urgently attach time frames to the implementation process in order to be able to measure progress and for budgeting purposes.

#### **ii. Poor Competitiveness by the Manufacturing sector**

The previous Committee strongly urged the Executive to implement robust safe guard measures stipulated in the various trade agreements in key sectors where the country had a competitive advantage, such as; the leather subsector; textiles subsector, the plastics and plastic packaging subsector; fertiliser manufacture subsector; and other sectors.

Further, the Committee recommended that the Executive should take steps to aid the manufacturing sector with an enabling policy environment that supported local manufacturers to compete favourably. This should include favourable tax incentives, sufficient energy for production, and access to affordable credit from financial institutions and protection of infant industries.

### **Executive's Response**

The Executive responded that the manufacturing sector's contribution had grown from about 7.6 percent in 2010 to 8.1 percent in 2018, an indication that with enhanced support, the sector could contribute to economic diversification and job creation. As rightly noted by the Committee, the manufacturing sector had been exposed to cheaper products from economies with larger economies of scale. The Executive further submitted that the easiest taxes to collect were trade taxes and therefore, formed a major contribution to the tax revenues. However, owing to the regional trade agreements to remove customs duties, the rate at which trade taxes were declining was exacerbated by the increasing potential of Southern Africa Development Cooperation (SADC) and Common Market for Eastern and Southern Africa (COMESA) members' ability to produce goods that were on high demand on the Zambian market.

The Executive further responded that trade remedy measures, such as safeguard measures, antidumping and countervailing measures, stipulated in the various trade agreements had been domesticated into the Zambian Laws. In order for these laws to be strengthened, the Government through the Ministry of Commerce, Trade and Industry, was in the process of developing the Trade Remedies Bill which would, among other things, provide for investigative methods for trade remedies. As things stood, trade remedy measures sat in two separate Acts, the *Customs and Excise Act Chapter 322 of the Laws of Zambia* and *Control of Goods Act, Chapter 421 of the Laws of Zambia*. The Trade Remedy Bill also provided for adequate tools to carry out trade remedy investigations.

Further, the Government had put in place measures to ensure that the manufacturing sector thrived as outlined below.

### **(a) Multi Facility Economic Zones (MFEZ) and Industrial Parks**

The Government was promoting the development of Multi Facility Economic Zones (MFEZs) and Industrial Parks. The implementation of MFEZs and Industrial Parks in Zambia, was designed to make Zambia competitive through increased activities in value addition to the local raw materials that the country was endowed with.

To date, the Government had declared six areas as MFEZs and /or Industrial Parks and these were: Chambishi, Lusaka East, Lusaka South, Jiangxi; and Ndola (Sub Saharan Gemstones Exchange) and Roma as an Industrial Parks.

### **(b) Value Chain Programme**

Through the Citizens Economic Empowerment Commission (CEEC), the Government was implementing the Value Chain Programme with a view to promote manufacturing and value addition to local resources.

### **(c) Development of Industrial Yards**

The Government, through the CEEC, had developed eight Industrial Yards in aimed at providing the necessary infrastructure and equipment for manufacturing activities targeting the Micro, Small and Medium Enterprises (MSMEs) sector.

### **(d) Infrastructure Development**

Infrastructure was important in the promotion of manufacturing in the country. In this regard, the Government had prioritised infrastructure development as a key strategy for the development of the manufacturing sector.

### **(e) The Vision 2030**

The Government had developed the Vision 2030, which was a long term plan to create a strong dynamic middle-income industrial nation by the year 2030, through a vibrant manufacturing sector. The goal of the Vision 2030 was to develop a fully integrated manufacturing sector and increase the share of the sector to GDP to about 36 per cent by the year 2030.

### **(f) Implementation of Strategy Paper on Industrialization and Job Creation**

The Government developed and implemented the Strategy Paper on Industrialisation and Job Creation, whose focus was to exploit natural resource and promote labour intensive industries in priority sectors such as the manufacturing sector.

### **(g) Implementation the National Industrial Policy**

The Government was implementing the Commercial, Trade and Industrial Policy whose goal was to develop a competitive, export-led manufacturing sector through the adoption of new technology, reduce the cost of doing business, and continue creating a stable and conducive environment.

### ***Committee's Observations and Recommendations***

While the Committee notes that trade remedy measures such as safeguard measures, anti-dumping and countervailing measures, stipulated in the various trade agreements have been domesticated, the Committee strongly urges the Government to strictly enforce these measures to the latter. The Committee further urges the Government to expedite the enactment of the Trade Remedies Bill, which is envisaged to provide for investigative methods for trade remedies.

### **iii. Due diligence before ratifying trade agreements**

The previous Committee urged the Executive to ensure that there was due diligence and a cost benefit analysis before the ratification of any international, regional and bilateral agreements and treaties. A thorough assessment should be done of key areas, such as industrialisation and value addition. Further, the Executive should also undertake a comprehensive cost-benefit analysis of the thirty-one trade agreements in order to determine which of these agreements were relevant and beneficial to the country.

### **Executive's Response**

It was reported in the Action-Taken Report that before an international agreement could be ratified, due diligence was normally undertaken. The Government undertook consultations with various stakeholders, both state and non-state actors to receive submissions on the advantages and disadvantages of ratifying a particular trade agreement. In view of the recommendation of the Committee, the Government would continue and enhance this process.

The need to undertake a comprehensive cost-benefit analysis of trade agreements in order to determine which of these agreements were relevant and beneficial to the country was well noted. This was key in identifying challenges in implementation of trade agreements so that the necessary measures were put in place to address the challenges.

### ***Committee's Observations and Recommendations***

The Committee appreciates the level of consultation undertaken in the process of ratification of international agreements. The Committee, however, reiterates that an analysis of the existing trade agreements should be undertaken in order to establish and address the challenges.

#### **iv. Revenue Leakages and Contributions to Treasury**

The previous Committee strongly recommended that the Executive should mitigate challenges of counterfeiting and illicit trade by protecting sensitive industries by taking advantage of the provisions stipulated in the various trade agreements, which provided for conditions under which a member state could apply safeguard measures in order to maximise revenue.

The Committee further recommended that the Executive should expeditiously institute measures to address the high influx of illicit trade and counterfeiting which had had a negative impact on revenue collection.

### **Executive's Response**

In noting the Committee's recommendation, the Executive responded that the Government was in the process of developing the Trade Remedies Bill which would provide for harmonisation of provisions on trade remedies that were provided for in different pieces of legislation. These different pieces of legislation, namely, the *Control of Goods Act* and *Customs and Excise Act*, did not provide for investigation of potential trade influxes, subsidised products and dumping cases. In addition, the Trade Remedies Bill aimed to strengthen the institutional framework that would manage the trade remedy regime as well as provide for growth and protection of the domestic industry from unfair trading practices.

With regard to addressing high influx of illicit trade and counterfeiting, Government was addressing this challenge through the Zambia Bureau of Standards and the Ministry of Home Affairs and International Cooperation through the Intellectual Property Unit under the Zambia Police. The Government was modernising the Zambia Bureau of Standards with state-of-the-art equipment to identify counterfeit products and arrest the culprits. Further, the Government was working with the international community to address the challenge of counterfeit products from entering the Zambian market.

### ***Committee's Observations and Recommendations***

The Committee notes the response from the Government and the efforts to deal with the matter of safeguard measures, counterfeiting and illicit trade. It, however, urges the Government to expedite the completion of the Trade Remedies Bill, which is envisaged to strengthen the institutional framework and manage the trade remedy regime as well as provide for growth and protection of the domestic industry from unfair trading practices, among others.

#### **v. Lack of Incentives for Local Manufactures and Predictable and Transparent Trade Policies**

The previous Committee had strongly recommended that the Government should, as a matter of extreme urgency, re-instate MFEZ incentives and foster predictable and transparent trade policies without delay. Further, the *Zambia Development Act No 11 of 2006* should be revised without any further delay.

### **Executive's Response**

It was reported in the Action-Taken Report that the Government was, in consultation with relevant stakeholders, in the process of reviewing the entire incentives structure in order to make the MFEZs more attractive and only after that was done, would the Government give a concrete position on the matter.

However, for purposes of the Committee's information, the Executive stated that through the Ministry of Finance and National Planning, a study was conducted on incentives in 2013 titled: *Assessment of the Impact of Tax Incentives in Zambia*. The overall objective of that study was to assess the extent to which investors benefitting from incentives had fulfilled their pledges and then determine the costs and benefits of the existing incentives with a view to proposing strategies for ensuring that these were consistent with Zambia's broad development objectives.

The findings of the study showed that in considering whether to invest, tax incentives were not the most important factor considered by most of the firms as most firms would have still invested even without tax incentives. The findings

indicated that the revenue foregone by the Government, coupled with the administrative costs of tax incentives, was much higher than the measured benefits of tax incentives. However, a study which would cover all the firms receiving tax incentives would provide a more comprehensive measure of the benefits.

The findings also indicated that the majority of firms accessing tax incentives, were foreign owned and the participation of locally owned firms was limited to selected sectors. The findings also showed that the majority of investment licenses granted were for companies based in Lusaka. There was need for the Government to come up with deliberate policies which would encourage local firms to invest in all the sectors and other provinces. Unless this was done, the other provinces of Zambia would continue lagging behind in development.

The Government was finalising the review of the *Zambia Development Act No 11 of 2006*. It was expected that the revised Act would be submitted to the National Assembly for enactment in the last quarter of 2021.

### ***Committee's Observations and Recommendations***

The Committee notes the response and commends the Government for conducting a study on the MFEZ and the accompanying incentives in order to review the incentives and establish empirical evidence of the impact of these incentives. The Committee acknowledges that the Government, in consultation with relevant stakeholders, is in the process of reviewing the entire incentives structure in order to make the MFEZs more attractive before a conclusive position can be undertaken. However, following the findings of the study, the Committee strongly urges the Government to be deliberate about tailoring some incentives for local manufacturing companies in order to accelerate access and stimulate production.

The Committee further urges the Government to expedite the review of the *Zambia Development Act, No. 11 of 2006* and bring the Bill to National Assembly for enactment. The Committee awaits an update on the matter.

## **vi. Weak Monitoring and Evaluation**

The previous Committee strongly recommended that the Executive should take immediate steps to ensure a well-structured monitoring and evaluation framework was put in place to periodically assess the impact of the trade agreements on the economy in general and the national budget in particular. This monitoring framework should be benchmarked as a best practice with global competitiveness frameworks that had been developed over the past decade such as the World Economic Forum Global Competitiveness Index and Enabling Trade Index; the World Bank Doing Business Report; and the United Nations Conference on Trade

and Development (UNCTAD) World Investment Report in order to assess the domestic competitiveness.

### **Executive's Response**

The Executive took note of the Committee's recommendation. In this regard, the Government was in the process of developing a results monitoring and evaluation framework for the African Continental Free Trade Area Agreement (AfCFTA) which was recently ratified. This result monitoring and evaluation framework, sought to ensure that the objectives of the AfCFTA were realised, effectively implemented and that Zambia fully benefited from the Agreement. This monitoring and evaluation framework was part of the National Implementation Strategy on the AfCFTA.

### ***Committee's Observations and Recommendations***

The Committee appreciates that Government is in the process of developing a results monitoring and evaluation framework for the AfCFTA. It, however, awaits the completion and implementation of this framework.

#### **vii. Landlocked amidst poor road infrastructure**

The previous Committee strongly recommended that the Executive should, as a matter of urgency, prioritise the construction of key economic roads under the Link Zambia 8,000 Project in order to maximise trade with other strategic member states.

Further, the Executive should support regional integration initiatives to influence neighbouring countries' policies on infrastructure development and trade facilitation such as the Kazungula one stop border post.

### **Executive's Response**

It was reported in the Action-Taken Report that the Government was cognisant of the need to not only construct key economic roads but also maintain existing Trunk, Main and District (TMD) roads. In this regard, the Zambian Government embarked on an ambitious programme of transport infrastructure development. This was aimed at deriving wider economic benefits, such as supporting growth and creation of jobs, raising the productive capacity of the economy, improving efficiency and boosting international competitiveness. Notable among the key economic roads that had been worked on included rehabilitation and upgrade of the Great East Road connecting Zambia to Malawi and Mozambique through the Nacala Corridor; the rehabilitation of the Chinsali-Nakonde; the Lusaka-Chirundu (through Kafue); and the Zimba-Livingstone Roads; and the construction of the Mongu-Kalabo Road. Since 2011, over 600 kilometres of TMD roads had been upgraded across the country; over 62,000 kilometres of TMD roads had been upgraded across the country; over

62,000 kilometres of TMD roads had been routinely and periodically maintained; while over 2,600 kilometre had been rehabilitated between 2011 and 2019.

The national efforts on road infrastructure development were consistent with key regional frameworks such as the SADC Regional Indicative Strategic Development Plan (RISDP) 2020-2030. The RISDP included a pillar on infrastructure development to support regional interconnection, integration and quality seamless infrastructure and networks, including cross-border infrastructure, which would be pivotal in facilitating movement of people, goods, services and knowledge.

### ***Committee's Observations and Recommendations***

The Committee notes the response on the transport infrastructure development programme. The Committee, however, requests the Government to provide the status on this programme and to categorically state whether or not there are any pending roads to be worked on.

## **12.2 Consideration of the Action-Taken Report of the Budget Committee for the Fourth Session of the Twelfth National Assembly**

### ***i. Strengthening enforcement for decent job creation***

The previous Committee noted the response and awaited a progress report on the full enforcement of the various pieces of legislation that related to jobs for the locals.

### **Executive's Response**

It was reported in the Action-Taken Report that following the entry into force of the *Employment Code Act, No. 3 of 2019* Government, through the Ministry of Labour and Social Security, carried out a number of programmes to promote jobs for the locals including the following:

#### **a) Labour Inspection**

Inspections of establishments to check if employers offered decent work opportunities was conducted on a continuous basis. The findings were that compliance levels remained low especially with respect to casualisation.

#### **b) Skills Survey**

Skills surveys were conducted among the persons falling within the labour force category to ensure skills matched the labour market. The purpose of Labour Force Survey was to provide information on the Zambia labour market which could then be used to develop, manage, evaluate and report on labour market policies.

**c) Regulation of Recruitment of Expatriate**

The Government had continued to enforce the provision of the law on recruitment of foreign national/expatriate only when skills were not available in the country.

**d) Sensitisation Meeting**

Sensitisation meetings/workshops with establishment to explain changes in the law was on-going. The Government had observed that some areas of the Employment Code required further refinement to provide clarity. Further, employers in both the public and private sector had raised concerns in respect of sections that had created onerous financial obligations which, if unattended to especially in the wake of the Covid-19 outbreak, threatened to diminish the capital base of employers thereby jeopardising Government's drive towards sustainable job creation in the context of the decent work agenda.

The Executive underscored the fact that the Covid-19 outbreak had undoubtedly raised fresh challenges in the administration of the labour and employment sector and in some instances, the rules specified in the Employment Code were proving challenging in terms of enforcement. In the last Tripartite Consultative Labour Council (TCLC) the following measures were agreed upon, as far as was possible, to guide employer-employee relations as follows outlined below.

- i) To place employees on paid annual leave. This included those with few or without accrued days. However, the days taken by employees with few or without accrued leave days shall be subject to deduction once they accrue such days.
- ii) In the event that (i) above was not feasible, an employer would place the employees on forced leave and employees would be entitled to a basic pay as provided for in section 48 of the *Employment Code Act No. 3 of 2019*.
- iii) If the present public health threat deteriorated or failed to abate within an agreed timeframe, the Ministry through the TCTC would consider further mitigation actions which would be advised to the public in due course.

***Committee's Observations and Recommendations***

In view of the low levels of compliance established during labour inspections, the Committee requests the Executive to give an update on the measures taken to enhance compliance levels with respect to casualisation.

The Committee further urges the Government to provide extensive clarity on matters that seem to be unclear in the *Employment Code Act, No. 3 of 2019*, to most employers, in order to eliminate gaps in interpretation.

**ii. Budget Allocations to Match Priority areas for Decent Employment Creation**

The previous Committee noted the response and resolved to await a progress report on the matter and the specific prioritisation of the programmes in the 2021-2023 medium term.

**Executive's Response**

The Executive acknowledged the important role that annual budgets and medium-term frameworks played in decent job creation. In this regard, the funding of programmes aimed at creating decent employment would be prioritised in the 2021-2023 medium term framework.

***Committee's Observations and Recommendations***

The Committee notes the response and requests an update on prioritisation of funding for programmes aimed at creating decent employment in the 2021-2023 medium term.

**iii. Performance Contracts for Civil Servants**

The previous Committee noted the response and resolved to await a progress report on the full roll out of performance contracts to line ministries, as well the sensitisation meetings that were affected by the outbreak of COVID-19.

**Executive's Response**

The Executive noted the Committee's observations and indicated that the rollout of the performance contracts in line ministries to all Directors and Assistant Directors in addition to Permanent Secretaries had been implemented. However, the progress on the rollout to local authorities had been negatively impacted by the outbreak of COVID-19.

***Committee's Observations and Recommendations***

The Committee commends the Government for fully rolling out the performance contracts in line ministries to all Directors and Assistant Directors, in addition to Permanent Secretaries. Cognisant of the negative effects of the COVID-19 Pandemic on implementation of the measure, the Committee urges the Government to expedite rolling out performance contracts to local authorities.

#### **iv. Standalone Investments Act**

The previous Committee noted the response and resolved to await a progress report on the revision of the *Zambia Development Act*, of 2016.

##### **Executive's Response**

The Executive responded that the Government was in the process of revising the ZDA Act, which would result in the development of a stand-alone act once enacted by Parliament. The Bill in question would be called the Investment, Trade and Enterprises Development (ITED) Bill, which would provide the much required protection for the local small business. The Bill was currently being processed at the Ministry of Justice. It was Government's expectation that the bill would be enacted into law in the last quarter of 2021.

##### ***Committee's Observations and Recommendations***

While noting the response, the Committee reiterates that Government should expedite the drafting process of the ITED Bill and bring the Bill to Parliament for enactment.

#### **v. Weak Monitoring of Decent Employment Creation**

The previous Committee noted the response and resolved to await a progress reported on the inclusion of decent employment creation as a key macro-economic target.

##### **Executive's Response**

The Executive responded that the Zambia Statistics Agency was still awaiting Treasury authority to recruit more competent staff to properly monitor, analyse and disseminate different types of statistical information including labour force surveys.

##### ***Committee's Observations and Recommendations***

The Committee notes the response and resolves to keep the matter outstanding until Treasury authority is granted for the Zambia Statics Agency to recruit relevant staff to analyse, monitor and disseminate different types of statistical information including labour force survey.

#### **vi. Skills Development**

The previous Committee noted the response and resolved to await a progress report on the involvement of Technical Education, Vocational and Entrepreneurship Training Authority (TEVETA) in supporting the provision of Small and Micro Enterprises (SME) and the youth in the informal sector training, as well as an update

on the repeal and replacement of the *Apprenticeship Act, Chapter 275 of the Laws of Zambia*.

### **Executive's Response**

The Executive responded that the Government, through TEVETA, with financing from the Skills Development Fund, had continued to support the provision of SME and Informal Sector Training to youths countrywide. Specifically, the Ministry was undertaking the following:

- (i) rehabilitation and completion of Trades Training Institutes in order to increase access to skills training in line with the 7NDP; the primary focus is to complete and operationalise Sesheke Trades Training Institutes;
- (ii) procurement of modern and relevant training equipment in all the 26 TEVET Colleges in order to meet industry demands;
- (iii) enhancing teaching staff capacity building through Continuous Professional Development (CPD);
- (iv) providing bursary for vulnerable students in the TEVET sector to enhance equity and access to skills training;
- (v) enhancing skills or re-skill the Small and Medium Enterprises (SMEs') and informal sector entrepreneurs through the financing of their training;
- (vi) sponsorship of students in trades training institutes across the country, so far 5,200 students were being supported;
- (vii) informal sector training: so far, 400 youths in the informal sector had been trained in various skills; and
- (viii) staff development and capacity building for trades training institutions; so far, 59 TEVET staff had upgraded their qualifications at degree and master's level.

In addition to the above, the Ministry of Higher Education, in collaboration with Ministry of Labour and Social Security, had finalised the development of a Cabinet Memorandum seeking Cabinet approval, in principle, to repeal and replace the *Apprenticeship Act* in order to ensure the formulation of apprenticeship framework which would guide the operation of the apprenticeship activities and programmes. Furthermore, the Ministry was also awaiting Cabinet approval in principle for the review of the *Technical Education, Vocational and Entrepreneurship Training Act No. 11 of 1998* in order to align it with the provisions of the revised 2020 TEVET Policy.

### ***Committee's Observations and Recommendations***

The Committee notes the support being rendered by TEVETA to SMEs and the youth in the informal sector. The Committee, however, urges the Government to expedite the drafting of the Bill to repeal and replace the *Apprenticeship Act*.

#### ***vii. Investment in Research and Development***

The previous Committee noted the response and resolved to await a progress report on the programmes aimed at enhancing research and development at the National Science and Technology Council (NSTC).

### **Executive's Response**

The Executive responded that the Ministry of Science and Technology, through the NSTC, had continued to implement programmes aimed at enhancing research and development. For 2021, the Government had allocated funds to research institutions as follows:

- (i) National Science and Technology Council-K5,821,968;
- (ii) National Technology and Business Council-K7,000,000.00;
- (iii) Technology Business Development Fund-K4,735,416.00;
- (iv) Strategic Research Fund-K 7,000,000.00; and
- (v) Youth Innovation Fund-K4,000,000.00.

However, due to fiscal consolidation efforts, the desire to increase allocation to research and development up to 1 per cent of GDP expenditure, in line with the 2008 SADC Protocol on Science, Technology and Innovation under Article 4 of 2010, had not been attained. Following the approval and launch of the National Science, Technology and Innovation Policy, the Ministry of Science and Technology was also awaiting Cabinet approval in principle for the review of the *Science and Technology Act No. 26 of 1997* in order to align it with the provisions of the 2020 National Science, Technology and Innovation Policy. The Act would strengthen the role of research and development activities in the country. Parliament approved the *Zambia Academy of Sciences Act No. 18 of 2020*, to pave way for the establishment of the Zambia Academy of Sciences, with a budget allocation of K2, 000,000.00. The Academy would contribute to the improvement of national science outcomes. The Ministry had also developed a National Research Agenda to function as a handbook for research and development by highlighting priority areas of research and development.

### ***Committee's Observations and Recommendations***

The Committee notes the detailed response by the Executive and awaits an update on the review of the *Science and Technology Act, No. 26 of 1997*

### **12.3 Consideration of the Action-Taken Report of the Budget Committee for the Third Session of the Twelfth National Assembly**

#### **i. Phasing Out of Second-Hand Clothes**

The previous Committee noted the response and resolved to await a progress report on the matter regarding the phasing out of second-hand clothes.

#### **Executive's Response**

The Executive responded that the Ministry reiterated its commitment to the phasing out of second-hand clothes from Asia, as well as development of specific measures to establish a well-structured cotton value chain. In this regard, various implementation modalities were being explored to bring this to fruition and as such the Committee would be updated in due course on the progress made.

#### ***Committee's Observations and Recommendations***

The Committee urges the Government to expedite establishment of well structured cotton value chain and modalities to bring to fruition phasing out of second hand clothes.

#### **ii. Fiscal Indiscipline and Instability**

The previous Committee noted the response and resolved to await a progress report on the actual amounts that had been included on the budgets arising from the austerity measures.

#### **Executive's Response**

The Executive responded that the austerity measures were introduced in the 2017-2020 medium term. In this regard, the formulation of the respective budgets was anchored on these measures. Therefore, the 2020 budget had already incorporated the austerity measures as reflected by the prioritisation of dismantling of arrears and the cancelling/ postponement of contracted but not disbursed loans.

To reduce the administrative costs of Government's day to day operations and increase transparency and accountability in a bid to curb corruption, the Government had been digitalising its services and other services provided by its institutions on a collaborative platform called the Government Service Bus. During the period of the Economic Recovery Programme (2020-2023), the Government's objective was to bring online an additional 31 services through the Government Service Bus. As at end 2020, an additional 14 services were brought online bringing the total number of online services provided to 40 by end 2020.

The Executive further responded that digitalisation of Government services was with the objective of achieving prudent fiscal management through enhanced

transparency and accountability. To further promote prudent fiscal management, the Government was reviewing the current *Loans and Guarantees (Authorisation) Act*, among others to strengthen the oversight role of Parliament in debt management including management of contingent liabilities. The Government was also in the process of finalising the Contingent Liability Management Guidelines to help improve the management of fiscal risks presented by contingent liabilities particularly arising from State Owned Entities.

### ***Committee's Observations and Recommendations***

While applauding the Government for the bold measures to safeguard public resources, the Committee expresses disappointment that the Executive is not addressing the recommendation made by the previous Committee by not indicating the actual amounts that had been included on the budgets arising from the austerity measures. The Committee urges the Government to adequately address the Committee's recommendation.

#### **iii. Uncontrolled Contraction of Loans**

The previous Committee noted the response and resolved to await a progress report on the presentation of the Loans and Guarantees (Authorisation) (Amendment) Bill to Parliament, especially that consideration of the constitutional changes referred to had been concluded by the National Assembly.

### **Executive's Response**

The Executive responded that following the enactment of the *Constitution of the Republic of Zambia (Amendment) Act, No. 2 of 2016*, there was need to review the *Loans and Guarantees (Authorisation) Act* in order to align its provisions with the revised Constitution. To this effect, the Loans and Guarantees (Authorisation) (Amendment) Bill was drafted to amend the Act and submitted to Ministry of Justice for tabling before the National Assembly. The proposed amendments in the Bill mainly related to Article 207 (2) (a) of the 2016 Constitution of Zambia which required approval by the National Assembly before the execution of a loan, grant or guarantee. The Bill did not address broader gaps identified in the law to take into account developments in debt management that had taken place since 1969 when the Act came into force.

Therefore, the Bill could not be tabled in the National Assembly as priority was given to the Constitution (Amendment) Bill, No. 10 of 2019 which sought to amend the 2016 Constitution, with possible ramifications for the *Loans and Guarantees (Authorisation) Act*. Since Bill 10 did not pass the Second Reading Stage in Parliament, the Ministry of Justice in February 2021 re-submitted the Loans, Grants and Guarantees (Authorisation) Bill to Ministry of Finance for further refinement in view of the passage of time since the Bill was initially drafted in 2017. The Ministry

of Finance and National Planning was advised to re-submit the revised Bill to Cabinet for consideration.

The Executive further submitted that the Ministry of Finance and National Planning in conjunction with the Ministry of Justice was in the process of repealing and replacing the *Loans and Guarantees (Authorisation) Act*, to among others, strengthen the oversight role of Parliament in debt management including management of contingent liabilities. In this regard, after consultations with the ministries, a preliminary revised draft bill was established. The preliminary bill would be subjected to a wider stakeholder consultation prior to submission to Cabinet and subsequent tabling before the reconstituted National Assembly following elections.

### ***Committee's Observations and Recommendations***

The Committee notes the elaborate response by the Executive. The Committee further recalls the assurance by the Minister of Finance and National Planning during the 2022 Budget address that the Government was intending to bring the Loans, Grants and Guarantees (Authorisation) Bill within the First Session of the Thirteenth National Assembly. The Committee, therefore, urges the Government to ensure that the Bill is brought to Parliament within the Session.

## **12.3.1 Maximising Revenue Collection from Mines in Zambia – A Case of Mineral Royalty**

### **i. Taxes from mining companies in Zambia**

The previous Committee noted the response but resolved to await a progress report on the matter. The Committee further guided that the progress reports should be presented through the Action Taken Report and not directly to the Committee by multilateral corporations.

### **Executive's Response**

The Executive responded that the Zambia Revenue Authority had not received any progress reports from the multinational corporations arising from the highlighted interventions. However, with the cooperation of the International Governance Forum (IGF), a number of trainings/workshops had been done. These included trainings on the valuations of mining rights for purposes of Property Transfer Tax (PTT), as well as training in the valuation of mineral commodities like manganese ores was also conducted. Further, with the support of IGF, Organisation for Economic Co-operation and Development (OECD) and African Tax Administration Forum (ATAF), there were ongoing efforts to develop a PTT manual for mining rights valuation. The Authority was also working towards developing a copper pricing practice note.

### ***Committee's Observations and Recommendations***

While noting the response, the Committee still awaits a progress report on the matter. The Committee further reiterates the guidance that the progress reports should be presented through the Action Taken Report and not directly to the Committee.

#### **ii. Tax Regime in the mining sector**

The previous Committee noted the response but resolved to await a progress report on the matter regarding the comprehensive review of mining taxation.

#### **Executive's Response**

The Executive responded that there had not been any changes to the mining tax regime since the last report. However, the Government, through the Ministry of Mines and Minerals Development, convened a National Mining Indaba on 29<sup>th</sup> and 30<sup>th</sup> April 2021, whose objective was to provide a forum for mining stakeholders to comprehensively review the mining taxation regime and come up with recommendations for possible consideration by Government as it developed the 2022 National Budget. The Mining Indaba came up with a number of recommendations and these had since been submitted to Government for consideration by policy makers.

### ***Committee's Observations and Recommendations***

The Committee commends the Government for holding and facilitating the Mining Indaba and urges the Government to incorporate the recommendations from the Indaba in the review of the mining taxation framework. The Committee takes note of the re-introduction of mineral royalty as a deductible expense for income tax purposes. The Committee, therefore, awaits an update on the comprehensive review of mining taxation.

#### **iii. ICT enhancement by ZRA**

The previous Committee noted the response but resolved to await a progress report on the mining conference to resolve the matters.

#### **Executive's Response**

The Executive responded that the Zambia Revenue Authority was still working on the inclusion of the module for gemstones that would electronically capture the production and exports of gemstones on the Mineral Output Statistical Evaluation Software (MOSES) for mineral production reports and export quantities/qualities and customs data in ASYCUDA WORLD. The Mineral Data Analysis Centre (MIDAC) project spearheaded by the Ministry of Mines and Minerals Development had also

continued analysing the submitted reports on the production of base and precious metals.

#### ***Committee's Observations and Recommendations***

The Committee notes the response and resolves to await an update on the inclusion of the module to electronically capture production and exports of gemstones on the MOSES in ASYCUDA World.

#### **iv. Lack of Value Addition in the Cotton Industry**

The previous Committee noted the response and resolved to await a response on the matter regarding the reviving of the textile sector.

#### **Executive's Response**

The Executive responded that the Government was committed to reviving the textile industry as it was one of the strategic sectors in creating jobs for the people of Zambia. Therefore, the Ministry of Commerce, Trade and Industry would carry out a value chain analysis of the cotton and garment sector and offer recommendations to revive the sector.

#### ***Committee's Observations and Recommendations***

The Committee urges the Government to be deliberate about revising the textile sector in order to diversify economic sectors. Therefore, the Government is urged to expedite the value chain analysis of the cotton and grant sector in order to provide relevant support to the sector. The Committee awaits a progress report on the matter.

#### **V. Gemstone mining licensing**

The previous Committee noted the response and resolved to await a progress report on the revision of the *Mines and Minerals Development Act No.11* of 2015 to address the issue of gemstone mining among other objectives.

#### **Executive's Response**

The Executive responded that following the approval by Cabinet to amend the *Mines and Minerals Development Act, No. 11 of 2015*, and as part of the requirements to the amendment process, the Ministry undertook Provincial stakeholders' consultations across the various Provinces of the country where mining activities were predominant namely: Eastern; Southern; Northern; Luapula; Central and Copperbelt Provinces. The main objective of the consultations was to accord the stakeholders an opportunity to submit proposals and react to proposals submitted by other stakeholders on the amendment of the Act. The Ministry was in the process of

preparing a layman's bill for consideration by the Ministry of Justice which would be subjected to further stakeholder consultations. The proposals by the Committee that Government takes a 25 per cent stake in every gemstone mine was also subjected to stakeholder consultations.

### ***Committee's Observations and Recommendations***

The Committee acknowledges the progress recorded thus far in the consultative process of the Mining and Minerals Development Bill. The Committee urges the Government to expedite drafting of the Bill.

## **12.4 Consideration of the Action-Taken Report on the Report of the Budget Committee for the Second Session of the Twelfth National Assembly**

### **i. Introduction of Digital Stamps**

The previous Committee noted the response and resolved to await a progress report on the due diligence exercise on the selected bidders for the provision of the digital stamps.

#### **Executive's Response**

The Executive responded that the due diligence visit to the selected countries was not undertaken because of the COVID-19 situation. The possibilities of undertaking the due diligence exercise virtually proved not to be an effective way considering the seriousness of the undertaking and also the fact that a reliable link with the right expertise was required to connect the team virtually and assist achieve the intended objective.

The fact that some stakeholders had expressed concern at the negative impact of the digital stamps required that a physical due diligence was conducted so that the final decision was made in the interest of both the stakeholders and the Government.

### ***Committee's Observations and Recommendations***

The Committee takes note of the response and reiterates the recommendation of the previous Committee and awaits a progress report on the due diligence exercise on the selected bidders for the provision of the digital stamps solution including its full implementation.

### **ii. Reduce the fiscal deficit**

The previous Committee noted the response but resolved to await a comprehensive report on the actual figures relating to austerity measures.

### **Executive's Response**

It was reported in the Action-Taken Report that the deficit had not significantly reduced due to macro-economic downturns experienced in the current medium term. Further, there was a mismatch between expenditure and revenue collection due to lower collections, which had in turn resulted from reduced economic activity. Some of the macro-economic downturns experienced included the adverse climatic conditions that led to low agricultural production and power generation, exchange rate depreciation, rising inflation and COVID-19 pandemic.

### ***Committee's Observations and Recommendations***

The Committee takes note of the additional information provided but is, however, of the view that its previous recommendation has not been addressed by the Executive. The Committee, therefore, reiterates its previous recommendation and urges the Government to avail a comprehensive report on the actual figures relating to austerity measures.

### **iii. Public Finance Management Reforms**

The previous Committee noted the response and resolved to await a progress report on the matter especially that the issue of constitutional review had been resolved by the National Assembly.

### **Executive's Response**

The Executive responded that the Ministry of Finance, in conjunction with Ministry of Justice and the Ministry of National Development Planning, was in the process of repealing and replacing the current Loans and Guarantees (Authorisation) Act, to among others, strengthen the oversight role of Parliament in debt management including management of contingent liabilities. In this regard, following consultation among the three ministries, a preliminary revised draft bill was established. The preliminary bill would be subjected to a wider stakeholder consultation prior to submission to Cabinet and subsequent tabling before the reconstituted National Assembly following elections.

### ***Committee's Observations and Recommendations***

In noting the response by the Executive, the Committee takes cognisance of the assurance by the Minister of Finance and National Planning in the 2022 Budget Address that the Loans and Guarantees (Authorisation) Bill would be brought to Parliament within the first Session of the Thirteenth National Assembly. The Committee urges the Government to expedite the drafting process of the Bill and present it to Parliament without any further delay.

#### **iv. Social Cash Transfer Electronic Single Registry**

The previous Committee noted the response and resolved to await an update on the implementation of the Zambia Integrated Social Protection Information System (ZISPIS) in the remaining districts.

##### **Executive's Response**

The Executive responded that the Government through the Ministry of Community Development and Social Services launched the ZISPIS in Chililabombwe and Nyimba districts on 22<sup>nd</sup> May, 2020. The pre-launch live tests were also carried in the two districts.

As things stood, there were 17 pilot districts. Before starting to use the system, all the districts needed to be trained. 57 districts were trained in the use of the ZISPIS and 59 districts were pending training. The Ministry had embarked on the programme to train the remaining districts. However, due to the COVID-19 pandemic, the programme was discontinued towards the end of 2020.

The Executive added that before a particular district could start using the system, all social cash transfer data needed to be moved on to the ZISPIS. By the end of 2020, 57 were trained giving a balance of 59.

In the intervening period (between December 2020 to date), the Ministry had been making enhancements to the system. During the pilot, it was discovered that the system had some limitations in its functionality. It had only one module or functionality, that of disbursement. However, this feature could not disburse funds to the Community Welfare Assistance Committees (CWAC), against the desire of the Government, which was to disburse money at CWAC level.

The System had 13 additional modules and had been transformed into a more robust management information system to cater for all the requirements in the Social Cash Transfer Programme such as registration, targeting, disbursement, monitoring and evaluation.

To this effect, the Ministry would in September, 2021 carry out a stress test, where the system would be loaded and put under duress to know its technical limitations. The training of the remaining districts was also scheduled to resume once the COVID 19 situation in the country normalised.

##### ***Committee's Observations and Recommendations***

The Committee notes the elaborate response and the progress in the implementation of the Zambia Integrated Social Protection Information System.

The Committee, however, awaits a progress report on the implementation of the System in the remaining Districts.

**v. Implementation of the Decentralisation Policy**

The previous Committee noted the response and resolved to await a progress report on the rolling out of the decentralisation programme to other districts.

**Executive's Response**

The Executive noted the Committee's observations and indicated that the functions earmarked for devolution were being moved from the Central Government to the local authorities in a phased manner. The service regulations were gazetted and issued in December 2020 by the respective Service Commissions.

With the gazetting and issuance of the service regulations, the review of the non-legislative documents was underway and would be issued in the near future.

***Committee's Observations and Recommendations***

The Committee takes note of the response and awaits an update on the devolution of the earmarked functions by the local authorities in view of the gazette of service regulations.

**vi. Planning and Budgeting Bill and the Amendments to the Loans and Guarantees (Authorisation) Act**

The previous Committee noted the response and resolved to await a progress report on the matter, especially that the issue of constitutional amendment had been resolved by the National Assembly.

**Executive's Response**

The Executive responded that the Ministry of Finance, in conjunction with Ministry of Justice and the Ministry of National Development Planning, was in the process of repealing and replacing the *Loans and Guarantees (Authorisation) Act*, to among others, strengthen the oversight role of Parliament in debt management and management of contingent liabilities. In this regard, following consultation among the three Ministries, a preliminary revised draft bill was established. The preliminary bill would be subjected to a wider stakeholder consultation prior to submission to Cabinet and subsequent tabling before the reconstituted National Assembly following elections.

### ***Committee's Observations and Recommendations***

In noting the response by the Executive, the Committee takes cognisance of the assurance by the Minister of Finance and National Planning in the 2022 Budget Address that the Loans and Guarantees (Authorisation) Bill would be brought to Parliament within the First Session of the Thirteenth National Assembly. The Committee urges the Government to expedite the drafting process of the Bill and present it to Parliament without any further delay.

## **12.5 Consideration of the Action-Taken Report on the Report of the Budget Committee for the First Session of the Twelfth National Assembly**

### **i. Enhance Transparency in National Fuel Procurement**

The previous Committee noted the response and resolved to await a progress report on the presentation of the Petroleum Development and Management (PDM) Bill to the National Assembly.

#### **Executive's Response**

The Executive responded that all the comments from stakeholders were consolidated and a validation meeting took place. The Ministry of Energy had submitted the draft Petroleum Development and Management (PDM) Bill to Ministry of Justice for drafting.

### ***Committee's Observations and Recommendations***

The Committee notes the response and awaits an update on the Petroleum Development and Management (PDM) Bill.

### **ii. Expedite the Process of the Cost of Service Study**

The previous Committee noted the progress made on the matter and resolved to await an update on the cost service study.

#### **Executive's Response**

The Executive responded that the completion of the Cost of Service Study was expected to be completed in March 2021. However, due to the continued business disruptions from the COVID-19 pandemic, the completion date of the study had been extended further to August, 2021. In addition, deliverable number four (4), the Least Cost Electricity Generation, Transmission and Distribution plan had been submitted by the Consultant (EMRC) to the Energy Regulation Board (ERB) for review.

### ***Committee's Observations and Recommendations***

The Committee notes the response and urges the Government to attach urgency to the Cost of Service Study and finalise it without any further delay. The Committee resolves to await a progress report on the matter.

#### **iii. Clearing the Arrears for Both the Farmer Input Support Programme and Food Reserve Agency**

The previous Committee noted the progress made in offsetting the arrears but resolved to await an update on the clearance of the remaining balance of K649, 800.903.36 being owed to agro-dealers.

### **Executive's Response**

The Executive responded that the Ministry of Agriculture continued paying the agro-dealers for the arrears they were owed for the 2018/2019 and 2019/2020 farming seasons. However, the Ministry continued to receive invoices from agro-dealers for the 2019/2020 and 2020/2021 farming seasons during the year. As at 24<sup>th</sup> May, 2021, the Ministry had paid out a total of K482, 552.018.79 to agro-dealers leaving a balance of K210, 316, 606.66.

### ***Committee's Observations and Recommendations***

The Committee notes the progress in clearing the arrears and awaits a progress report on the remaining balance of K210, 316,606.66.

## **12.6 Consideration of the Action-Taken Report on the Report of the Committee on Estimates for the Fifth Session of the Eleventh National Assembly**

### **i. Performance Management Bill**

The previous Committee noted the response and resolved to await a progress report on the presentation of the Performance Management Bill to the National Assembly.

### **Executive's Response**

The Executive noted the Committee's observations and submitted that the stakeholder consultations on the Performance Management Bill were still underway.

### ***Committee's Observations and Recommendations***

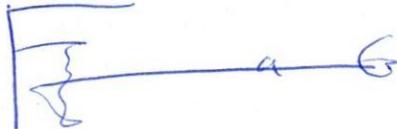
The Committee notes the response and resolves to await a progress report on the Performance Management Bill.

### 13.0 CONCLUSION

Non-tax revenue remains an important source of the domestic resource mobilisation strategy. Although this component of domestic resources has been increasing in nominal terms, the potential to contribute much more than the status quo is immense.

Worth noting, however, are the fluctuations associated with this form of revenue, which depict an element of non-predictability in terms of the revenue being a systematic and reliable source. The Committee notes that some of the sources are not sustainable ways of public revenue mobilisation, as they are meant to facilitate and enable the public access economic and social services. From the submissions by stakeholders, it is clear that the most reliable and sustainable sources of NTR are mineral royalty tax and dividends, especially in the context of limited domestic resource mobilisation capabilities.

Notwithstanding the above, the Committee is of the considered view that in order to significantly improve revenue mobilisation for NTR, Government should implement robust measures aimed at improving collection efficiencies by MPSAs.



Fred Chibulo Chaatila, MP  
**CHAIRPERSON**

June, 2022  
**LUSAKA**

## **APPENDIX I**

### **List of National Assembly Officials**

Mr Charles Haambote, Acting Principal Clerk of Committees (FC)  
Mr Francis Nabulyato, Acting Principal Clerk of Committees (SC)  
Mrs Doreen N C Mukwanka, Acting Deputy Principal Clerk of Committees (FC)  
Mrs Chitalu K Mumba, Acting Deputy Principal Clerk of Committees (SC)  
Mr Charles Chishimba, Acting Senior Committee Clerk (FC)  
Mrs Edna K Zgambo, Committee Clerk  
Ms Racheal Mumba, Intern  
Ms Luyando Chilala, Acting Administrative Assistant  
Mr Morgan Chikome, Committee Assistant  
Mr Danny Lupiya, Committee Assistant  
Mr Muyembi Kantumoya, Parliamentary Messenger

## **APPENDIX II - List of Witness**

Ministry of Finance and National Planning  
Ministry of Commerce, Trade and Industry  
Ministry of Agriculture  
Ministry of Lands and Natural Resources  
Ministry of Water Development and Sanitation  
Ministry of Energy  
Ministry of Mines and Minerals Development  
Ministry of Transport and Logistics  
Bank of Zambia  
Zambia Revenue Authority  
Office of the Auditor General  
Zambia Association of Chamber of Commerce and Industry  
University of Zambia – Department of Economics  
Zambia Institute for Policy Analysis and Research  
National Economic Advisory Council  
Zambia Police Service  
Water Resources Management Authority  
Zambia Environmental Management Agency  
Road Transport and Safety Agency  
Energy Regulation Board  
National Airport Cooperation  
Zambia Association of Manufacturers  
Zambia Statistics Agency  
Bankers Association of Zambia