REPORT OF THE COMMITTEE ON ESTIMATES FOR THE SECOND SESSION OF THE TENTH NATIONAL ASSEMBLY APPOINTED ON 25TH JANUARY, 2008

Consisting of:
Mr G M Beene, MP (Chairperson); Dr G L Scott, MP; Mr B Imenda, MP; Mrs J M Limata, MP; Mr F R Tembo, MP; Mr J P L Mulenga, MP; Rev G Z Nyirongo, MP; Dr S Chishimba, MP and Ms M M Masiye, MP.

The Honourable Mr Speaker
National Assembly
Parliament Buildings
LUSAKA

Sir

Your Committee have the honour to present their report on their deliberations for the year 2008.

Functions of the Committee

2. The functions of your Committee are as follows:

(a) to examine the estimates and Excess Expenditure Appropriation Bill;
(b) to report on the economies, improvement in organisation, efficiency or administrative reform, consistent with the policy underlying the estimates, examine whether the money is well laid out within the limits of the policy implied in the estimates;
(c) to suggest alternative policies in order to bring about efficiency and economy in administration;
(d) to carry out regular examination and scrutiny on budgets, estimates and management thereof, and conduct budget hearings; and
(e) to make recommendations in a report to the House for consideration and implementation in future budget estimates.

Meetings of the Committee

3. Your Committee held seventeen meetings during the year under review to consider submissions from various witnesses in relation to the issues under their consideration; these included the Secretary to the Treasury, Ministry of Finance and National Planning.

Procedure Adopted by the Committee

4. During the course of their deliberations, your Committee considered both written and oral evidence pertaining to the budget estimates for the years 2006 and 2007 for two selected Ministries, namely, the Ministry of Energy and Water Development and the Ministry of Home Affairs. Your Committee, through their interactions with various witnesses, assessed the levels of funding to the two Ministries, as well as any constraints encountered by the two Ministries in budget implementation during the period under review. Your Committee also received submissions aimed at assisting them to undertake a mid-term review of the implementation of the new mining sector tax regime introduced by the Government early in 2008.

Operations of the Committee

5. Your Committee requested detailed memoranda from each of the witnesses that they invited, including the Permanent Secretaries in the Ministries whose budget estimates were under consideration, as well as the Secretary to the Treasury. These witnesses were later requested to appear before your Committee to orally present their memoranda and clarify any matters arising therefrom.

Organisation of the Committee's Report

6. Your Committee's report is in four parts: Part A outlines the findings of your Committee with regard to the scrutiny of the budget estimates of the two Ministries already mentioned above for the years 2006 and 2007; Part B outlines your Committee's recommendations following their mid-term review of the implementation of the mining sector tax regime; Part C enumerates the findings and recommendations of your Committee arising from their local and foreign tours; and Part D contains the observations and recommendations of your Committee in relation to the outstanding issues arising from the Action-Taken Report on the your previous Committee's Report for 2007.

PART A: COMPARATIVE STUDY OF THE BUDGETARY PERFORMANCE OF THE MINISTRY OF ENERGY AND WATER DEVELOPMENT AND THE MINISTRY OF HOME AFFAIRS FOR THE FINANCIAL YEARS 2006 AND 2007

7. Your Committee undertook a comparative study of the budgetary performance of the Ministry of Energy and Water Development and the Ministry of Home Affairs for the years 2006 and 2007. The purpose of this study was to examine and understand the objectives, operational procedures and efficiency of the programmes underlying the estimates of revenue and expenditure for the two ministries during the two years under review. The study also assisted your Committee to appreciate the performance of the 2006 and 2007 budgets of the ministries as exemplified by progress made on key projects and programmes, including, but not limited to, those relating to revenue collection. The findings and recommendations of your Committee in this regard are set out in the proceeding paragraphs.

FINDINGS OF YOUR COMMITTEE

- ***Revenue***

8. Your Committee found that the non-tax revenue performance for the two Ministries in the period under review was said to be positive and above average as shown in the following tables.

Ministry of Energy and Water Development (Water Board Fees)

	Estimates	Actuals	Performance
2006	1,434,027,179.00	1,693,855,132.00	118.12%
2007	2,261,332,980.00	2,363,332,980.00	104.51%

Ministry of Home Affairs

	2006 Estimates	2006 Actuals	Performance
Immigration	24,602,641,866.00	33,596,053,276.00	136.55%
Passports	4,124,585,320.00	4,142,229,200.00	100.43%
National Registration, Births and Deaths	88,915,874.00	192,760,560.00	216.79%
Registration of Societies	220,511,800.00	1,096,390,000.00	497.20
National Archives	9,792,344.00	21,282,880.00	217.34%

	2007 Estimates	2007 Actuals	Performance
Immigration	41,218,766,000.00	57,754,832,160.00	140.12%
Passports	4,500,000,000.00	6,261,177,000.00	139.14%
National Registration, Births and Deaths	204,430,060.00	302,072,480.00	147.76%
Registration of Societies	967,787,468.00	1,881,120,000.00	194.37%
National Archives	10,050,165.00	19,798,300.00	196.99%

Your Committee were informed that the over-performance was attributed to two main factors:

(i) the reintroduction of AIA proved to be an incentive for the revenue collecting agencies; and

(ii) improved budgetary allocations that allowed for the procurement of logistical items such as vehicles, which in turn boosted the revenue generating capacities of the revenue collecting institutions.

However, there was still potential for the two institutions to collect more and positively contribute to non-tax-revenues. The institutions could, for instance, invest in training staff involved in revenue collection, procurement of modern equipment and revise the fees or levies payable under current legislation.

- **Expenditure**

Ministry of Energy and Water Development

9. Your Committee were informed that in 2006, the Ministry of Energy and Water Development had a budgetary allocation of K38.2 billion, of which K34.9 billion was released by the Treasury, representing 91.2% of releases as a percentage of the budgetary allocation. In terms of categories, the Treasury in the same period, released 90.5% of the budget for approved programmes (non-personal emoluments) and 99.28% on personal emoluments.

In 2007, the Ministry of Energy and Water Development had a budgetary allocation of K62.5 billion, of which K46.3 billion was released by the Treasury, representing 74.2% of releases as a percentage of the budgetary allocation. In terms of categories, the Treasury in the same period released 72.5% of the budget for approved programmes (non-personal emoluments) and 95.9% on personal emoluments. The Ministry's performance during the period under review is highlighted in the tables below.

	2006		
	Budget	**Treasury releases**	**Budget Performance**
Personal emoluments	3,879,438,099.00	3,851,600,106.00	99.28%
Non personal emoluments	34,354,299,949.00	31,086,665,502.00	90.49%
Grand Total	38,233,738,048.00	34,938,265,608.00	91.38%

	2007		
	Budget	**Treasury releases**	**Budget Performance**
Personal emoluments	4,556,719,657.00	4,371,941,070.00	95.94%
Non personal emoluments	57,931,943,571.00	41,970,477,341.00	72.45%
Grand Total	62,488,663,228.00	46,342,418,411.00	74.16%

Ministry of Home Affairs

10. Your Committee were informed that in 2006, the Ministry of Home Affairs had a budgetary allocation of K127.7 billion, of which K111.9 billion was released by the Treasury, representing 87.7% of releases as a percentage of the budgetary allocation. In terms of categories, the Treasury in the same period released 84.8% of the budget for approved programmes (non-personal emoluments) and 93.8% on personal emoluments.

In 2007, the Ministry of Home Affairs had a budgetary allocation of K140.6 billion, of which K138.3 billion was released by the Treasury, representing 98.4% of releases as a percentage of the budgetary allocation. In terms of categories, the Treasury in the same period released 86.2% of the budget for approved programmes (non-personal emoluments) and 127.3% on personal emoluments.
A summary of the budgetary performance of the Ministry for the period under review is shown in the tables below.

	2006		
	Budget	**Treasury releases**	**Budget Performance**
Personal emoluments	41,000,546,528.00	38,440,178,668.00	93.76%
Non personal emoluments	86,657,586,073.00	73,475,365,882.00	84.79%
Grand Total	127,658,132,601.00	111,915,544,490.00	87. 67%

	2007		
	Budget	**Treasury releases**	**Budget Performance**
Personal emoluments	41,674,656,384.00	53,059,072,819.00	127.32%
Non personal emoluments	98,960,089,927.00	85,283,832,044.00	86.18%
Grand Total	140,634,746,311.00	138,342,904,863.00	98.37%

Rationale for Performance

Your Committee were informed that in 2006, the Treasury could not release all the budgeted amounts in full to the two institutions because it experienced a revenue shortfall due to the appreciation of the Kwacha, which negatively impacted on the domestic revenues and the budget support component. For the year 2007, substantial resources were withheld, especially in the third and last quarters, due to the limited absorption capacity problems of most ministries, provinces and other spending agencies. The under-funding affected programmes of a capital nature. It was pointed out that the capacity problems being referred to above emanated from both the Government institutions and the private sector, especially where contractors were involved in the execution of projects. While the Government on its own could expand its capacity, it was critical that the private sector invest in machinery and equipment to be able to undertake capital projects and be able to meet the increasing capital spending programme.

COMMITTEE'S OBSERVATIONS AND RECOMMEDNATIONS

- ***Observations***

Your Committee observe that one of the fundamental constraints to budget implementation in a number of institutions during the period under review is absorption capacity. Additionally, certain issues such as the appreciation of the local currency in 2006 and lengthy tender processes has been cited as impeding factors to availability of funds and budget implementation. Specifically, your Committee make the observations set out below.

(a) ***Poor Revenue Collections*** **-** Poor collections appear to be a permanent feature of the Government's financial operations, particularly with regard to non-tax revenues, which activity is given very low priority by the concerned ministries, resulting in low incomes for the country.

(b) ***Low Budget Ceilings*** **-** The budget ceilings given to the departments at the time of budgeting are too low, resulting in inadequate funding for their activities even if the proportion of the budget releases appears to be high. In addition, your Committee note that the Government continues to finance a significant portion of public expenditures through supplementary and excess funding which, though recognised by the Constitution, tends to compromise the role of the National Assembly in the budgeting process.

(c) ***Lengthy Tender Procedures*** **-** Tender procedures are still too long and time-consuming. Your Committee are, however, pleased to note that there is an effort underway to reform the tendering process, evidenced by the repeal and replacement of the *Zambia National Tender Board Act*.

(d) ***Late Release of Funds -*** Untimely release of funding, especially for infrastructure development negatively affects the implementation of programmes. Your Committee observe that funding for capital projects is often released late in the year, making it difficult for key projects to be undertaken, especially in view of the fact that accounts have to be closed at the end of each financial year and any outstanding funds thereafter surrendered to the Treasury. Your Committee are disappointed that funding for projects such as construction works are released late in the year when the Ministry of Finance and National Planning is well aware that Zambian climatic conditions are not conducive to such activities during that time of the year. They reiterate that it is unacceptable that while the funding levels appear to be improving, the line ministries are unable to implement their core programmes because of late release of funding.

(f) ***Lack of Qualified Human Resources*** – The two Ministries under consideration are faced with a serious problem of inadequate qualified human resources to effectively undertake projects and efficiently manage resources released to them. The lack of treasury authority to restructure the Ministry of Home Affairs, despite Cabinet approval, further compounds this problem.

(g) ***Absorption Capacity*** – Your Committee note that in the midst of the high poverty levels in Zambia and critical needs of millions of Zambians that beg immediate Government intervention, during the period under review some ministries request funds when they are not in a position to expend them. As a result, these ministries end up accumulating huge bank balances and depriving other institutions of the resources. Where institutions have huge cash bank balances, the Ministry of Finance and National Planning does not release more resources as this reflects absorption capacity problems.

(h) ***Low Fees and Fines -*** Some of the fees and fines applicable, from which the Government is expected to raise non-tax revenue, are too low and do not make economic sense, and need to be reviewed as a matter of urgency.

(i) ***Late Approval of the Budget -*** there are challenges arising out of the approval of the national budget three months after the commencement of the financial year.

(j) ***Lack of Coordination*** – It is apparent to your Committee that there is lack of coordination and synergies in implementing programmes between the Ministry of Energy and Water Development and other sectors as these other sectors do not fall under the Ministry's portfolio and water, being a cross-cutting resource for all sectors, including agriculture, tourism, industry, manufacturing and mining, among others, although the mandate to manage and conserve the water resources is vested in the Ministry of Energy and Water Development. This has led to duplication of work in some cases and possible wastage of resources.

❖ ***Recommendations***

In light of the foregoing observations, your Committee wish to make the recommendations outlined below.

(a) ***Poor Revenue Collections -*** Your Committee wish to reiterate their recommendations in previous reports that the Zambian Government should urgently prioritise non-tax revenue collection so as to reduce the over-reliance on tax revenues to finance Government expenditures, especially in view of the very narrow tax base. In this regard, your Committee wish to be informed of specific and practical steps being taken by the Government to increase the contribution of non-tax revenue to national income.

(b) ***Low Budget Ceilings*** - Budget ceilings should urgently be increased, especially for programmes and projects that would have a significant impact on poverty reduction and wealth creation. For example, the Government should increase its investment in the non-tax revenue collection activities under the Ministry of Home Affairs, and programmes in the energy and water sectors so as to alleviate the difficulties being faced by the Zambian people through the multiplier effect that these programmes will have on the economy.

(c) ***Lengthy Tender Procedures* -** There is need to revise the tender procedures to make them more efficient. In this regard, your Committee are hopeful that the recently passed *Public Procurement Act* will address this matter.

(d) ***Late Release of Funds*** - The Government should ensure that funding for capital expenditure is released in the first or, at the latest, the second quarter so that there can be early investment/expenditure of such funds for early gains. In this regard, they call for deliberate effort to plan the disbursement of funds on the part of the Ministry of Finance and National Planning.

(e) ***Lack of Qualified Human Resources*** - There is need to improve the human capital at institutional level from the national to the district level. In this light, your Committee note that there is need for treasury authority to be granted for the restructuring of the Ministry of Home Affairs so that appropriately qualified personnel can be recruited. Efforts by the Ministry of Energy and Water Development to recruit of qualified personnel should also be supported.

(f) ***Absorption Capacity*** – Your Committee strongly urge the Government to ensure that absorption capacity is enhanced among all ministries and that funds are released only when the respective ministries are ready to expend those funds on approved activities.

(g) ***Low Fees and Fines*** **–** The Government should urgently review *the Fees and Fines Act* in order to enhance the levels of non-tax revenues collectible by the various non-tax revenue collecting institutions.

(h) ***Late Approval of the Budget*** - Your Committee are pleased to note that submissions had been made to the National Constitutional Conference (NCC) in an effort to address this issue and hoped that a suitable solution would be found sooner rather than later.

(i) ***Lack of Coordination*** - There is need for legislation under the Revised Water Policy where issues of shared waters and other cross-cutting issues should be addressed. Sectors that have programmes and projects that impact on water resources should coordinate with the Ministry of Energy and Water Development for integrated and coordinated planning and management. Closely related to this, consideration should be given to the possibility of funding programmes according to sectors, and not ministries, in order to ease the process of sharing available resources. If this is done, duplication of efforts will be avoided and priority programmes such as infrastructure development will not be jeopardised by financial ceilings.

Your Committee wish to be availed progress reports on these matters.

PART B: MID-TERM REVIEW OF THE IMPLEMENTATION OF THE NEW MINING SECTOR TAX REGIME

Your Committee noted that in the 2008 budget, the Republic Zambia Government introduced a new mining sector fiscal regime. This new fiscal regime was aimed at maximising Government's take from the mining industry while also retaining the competitiveness of the industry. The key feature of the regime was the introduction of windfall tax, variable profit tax and increase in mineral royalty rate. It was expected that the new tax regime would lead to an increase in the tax revenues from the mining sector. In light of this, and the fact that the mining sector is key to Zambia's economy, your Committee resolved to undertake a mid-term review of the implementation of this new fiscal regime, with the aim of appreciating the challenges, if any, being faced in its implementation and offer advice to the Government where necessary as to how some of these challenges could be overcome.

Measures undertaken to implement the new tax regime

Your Committee noted that the legislation that introduced the new mining tax regime was effected on 1st April 2008. It involved amendments to the *Income Tax Act, Cap* 323 and the repeal and replacement of the *Mines and Minerals Development Act.*

As a follow up to the legislation that was enacted, the Zambia Revenue Authority took steps to ensure the smooth implementation of the regime, which included issuance of a practice note, taxpayer education campaign and audit, design and dissemination of new forms relating to the administration of the new sector tax mining regime and internal re-organisation at ZRA to set up a new specialised unit to administer mining company tax.

Compliance

As regards compliance, your Committee noted that the mining companies had complied with the payment and submission of returns for mineral royalty and company income tax. However, while all the mining companies had submitted windfall tax returns, only two companies out of eleven (about 20%) had complied with the payment of windfall taxes. Some of the defaulting companies had requested an extension of the payment period. Nonetheless, all the companies that had not paid were treated as defaulters and the income tax provisions regarding recovery of tax would apply. The companies that had not yet paid windfall tax had cited cash flow difficulties arising from high production costs as the major problem. They claimed that the high costs were being driven by, among others, high fuel and commodity prices. The said high production costs had increased their unit costs to levels close to or above the windfall trigger prices. Consequently, the companies had a cash flow problem. At the time the windfall trigger prices were designed in the new tax regime, the unit costs were much lower than the current costs and the system was designed on the belief that the trigger points would be reached over a period of about three years. However, world copper prices had risen very fast, so all the mining companies had found themselves faced with windfall tax obligations averaging around 75%.

In view of the changed circumstances, the mining companies made representations to the Government requesting a review of the windfall tax. The matter was being examined to ensure that the implementation of the windfall tax did not undermine the viability of the companies given the changed circumstances. After analysing the matter, the Minister of Finance and National Planning, in accordance with the provisions of the *Income Tax Act*, deferred the collection of windfall tax above the 25% rate. The tax had not been written off and at the end of an income tax charge year, reconciliation would be done to ascertain the companies' total tax liability.

Revenues collected on account of the new tax regime

Your Committee noted that as at end July, a total of K211.3 billion had been collected as additional revenue. This was broken down as follows: Mineral royalty - K84.4 billion; Company Tax - 17.4 billion; and Windfall tax K109.5 - billion. Preliminary figures for August showed that a total K31.2 billion was received as additional revenue, bringing the cumulative figure to K242.5 billion. Reconciliations were currently taking place before a final figure and its breakdown could be provided. The target for the 2008/9 income tax charge year was US $415 million as additional revenues. If all defaulting companies paid, the target could be met. In the event that the companies did not pay, the target for the financial year may not be met. However, it was important to note that the amounts collected were also influenced by production and price trends.

Status on the utilisation of the additional mining revenues

The additional revenues that had been collected so far had not yet been utilised. This was because the Government was examining the most appropriate way to utilise such revenues without triggering adverse macroeconomic effects such as the "dutch disease". To this effect, a multi-disciplinary committee was set-up to discuss the modalities on the utilisation of the revenues. As part of its work, the committee visited countries with similar experiences to understand how the natural resource revenues were utilised. The countries visited were Norway and Botswana where they had created a two systems approach with a small percent of the revenues going to the annual budget for development programmes and the rest was put into a stabilisation fund and, in most cases, invested off-shore. The decision on how these resources would be utilised would have to be made by Cabinet and would be presented to Parliament for approval in line with the budget process. These additional revenues would, thus, not be utilised in 2008. Currently the revenues were being held in a special account at the Bank of Zambia.

Challenges in the implementation of the new fiscal regime

Some of the major challenges encountered in the implementation of the new fiscal regime include the issues set out hereunder.

Legal

Although some mining companies had complied, they had done so with a disclaimer. A number of them had indicated that they may take legal action to restore their inherent rights that were enshrined in the Development Agreements. In paying the new taxes, they had put a disclaimer stating that payment of the new taxes did not necessarily mean that they had accepted the new mining regime and they still reserved the right to take legal action. However, your Committee noted the Government's readiness to defend its position should any of the mining companies decide to institute litigation.

Change in global economic circumstances

Developments in the global business environment, such as increasing oil and raw material prices, had escalated the cost of production. This had affected the implementation of the windfall tax as the unit production costs for some of the companies had risen to levels higher than the first trigger price. The trigger price for the windfall tax had been set at US $2.50 per pound of copper, but some of the companies were reporting costs of production beyond this level.

Manpower deficiencies and lack of testing equipment

Lack of critical manpower such as geologists and mining engineers in the Ministry of Mines and Minerals Development made it difficult for the Government to effectively monitor the operations of the mines. The lack of testing equipment and the dilapidated state of laboratories made testing of the concentrates to ascertain the metal contents very difficult.

Lack of decentralised mining offices

The absence of offices for the Ministry of Mines and Minerals Development in all provinces and districts where mining activities were taking place entailed that the Ministry headquarters in Lusaka could not adequately monitor the activities of the mining companies in various parts of the country.

Inadequate tax auditing capacity

At the Zambia Revenue Authority, there was inadequate capacity in terms of Information Communications and Technology and manpower required to effectively audit the mining companies for tax purposes.

Measures to address the challenges

To address these challenges, the Government was taking the measures set out below.

Manpower deficiencies and testing equipment **-** The Ministry of Mines and Minerals Development had acquired new testing equipment and embarked on rehabilitation of laboratories to ensure that the contents of the concentrates declared by the mining companies were tested. To address the challenge of lack of qualified personnel, the structure at the Ministry of Mines and Minerals Development was being re-looked to consider ways of recruiting and retaining skilled manpower. This was being done in conjunction with Cabinet Office. Further, the Ministry of Mines and Minerals Development had embarked on training of officers in key institutions dealing with the mining companies to be able to deal with governance issues in the extractive industry.

Lack of decentralised mining offices **-** The Ministry of Mines and Minerals Development was also opening up regional offices and so far, an office in Solwezi was in place and would be opened in September, 2008. It was hoped that this would address the problem of over-centralisation of the operations of the Ministry and monitoring of the activities of the mining companies.

Capacity building at ZRA **-** ZRA was developing an enhanced Information and

Communication Technology (ICT) system that would assist in auditing the mining companies. In this light, a new unit had been established at the Zambia Revenue Authority to deal specifically with the challenges associated with taxing the mining sector. Additionally, ZRA had embarked on the recruitment and training of its staff in mining taxation. The Government had mobilised resources to assist the Zambia Revenue Authority enhance capacity building requirements in order to meet the challenges imposed by the new mining sector tax regime. Zambia Revenue Authority had also redesigned the tax information and administration systems to enable the Authority administer the assessment and collection of the mining revenue. Efforts were also underway to make the taxpayer education campaign more aggressive to sensitise all the major mining companies to audit them in order to ascertain the accuracy of the income declarations by mining companies.

Your Committee learnt that the Government would continue to engage with the mining companies to find a sustainable solution. The Government was confident that if the issue of tax deductibility of windfall tax was addressed, the mining companies would be in a position to meet their tax obligations. In addition, capacity would be strengthened in all the relevant institutions dealing with the mining sectors so that the benefits resulting from the introduction of the new mining fiscal regime could be realised.

COMMITTEE'S OBSERVATIONS AND RECOMMENDATIONS

(a) Your Committee are happy to note that the Government's determination to ensure that the mining sector contributes equitably to the revenue of the Republic has not waned. In this vein, they wish to emphasise that the mining tax regime is law and that all persons operating within the jurisdiction of the Zambian legal system are subject thereto. In this vein, while they welcome and encourage Government's efforts at negotiations with the mining sector, they wish to reiterate that whatever the results of the dialogue should implemented in a prospective and not retrospective manner.

(b) Notwithstanding the above, your Committee strongly urge the Government to communicate openly and as frequently as possible with the mining companies as well as other stakeholder such as workers' representatives over this issue so as to develop a sustainable tax regime for the sector.

(c) Your Committee wish to be kept abreast of all developments in relation to this matter through periodic updates and will watch the situation with keen interest.

PART C: FINDINGS FROM THE TOURS OF THE COMMITTEE

(I) LOCAL TOURS

In their continuing quest to contribute to the improved non-tax revenue collection, your Committee, as part of their programme of work for 2008, toured non-tax revenue collection facilities under the portfolio of the Ministry of Home Affairs. Specifically, the facilities visited were those at Mwami and Chanida Border Posts (Eastern Province), Victoria Falls and Kazungula Border Posts (Southern Province), Katima Mulilo, Shangombo, Sikongo Border Posts and Lukulu District (Western Province), and Lusaka International Airport. Your Committee also visited Mwembeshi Prison and the Immigration Department Headquarters to inspect progress of works at the new Mwembeshi Maximum Prison and facilities at the recently rehabilitated New Kent Building. The details relating to the findings of the Committee during their local tours are outlined below.

- **Mwami Border Control Post – Chipata District**

During their tour of Mwami Border Control Post, your Committee were met by the Deputy Regional Immigration Officer (Eastern Region), the Immigration Officer in-Charge and other officers based at the station. Your Committee were informed that the main source of non-tax revenue at the station was visa fees charged to non-Zambian nationals, from countries whose nationals were required to obtain visas, entering the country. The Border Post recorded the highest levels of visa fee collections for tourist visas. The Immigration Officer-in-Charge stated that data from 2006 to date showed that there had been an increase in the visa fee collections since the abolition of the visa waiver.

Your Committee learnt that foreign nationals coming into Zambia were in some cases allowed entry on thirty-day temporary permits upon authority from the Provincial Immigration Officer. Your Committee noted that the Border Post had some very pressing problems which resulted in their failure to effectively collect and account for the revenues collected. Asked why some foreign nationals were issued temporary permits instead of visas on arrival at the port of entry, the Immigration Officer-in-Charge explained that temporary permits were issued to certain categories of foreign nationals after extensive consultations with the Regional Immigration Office and, in some cases, the Chief Immigration Officer. He added that according to regulations, certain categories of foreign nationals could not be issued visas at the Border Post, such as Pakistanis and Iraqis, while others such as British and American nationals could be issued visas if they arrived at the port without valid Zambian visas. He explained that temporary permits were only issued to those who could not obtain entry visas at the port of entry under special circumstances and after due inquiry by the Immigration Department into the reasons for such applications.

Inadequate staffing levels and staff morale **-** Your Committee learnt that the approved establishment for the Immigration Department at the Border Post was twelve but the Post currently had seven vacancies. In the same vein, the Post was supposed to be headed by a Senior Immigration Officer but it was currently headed by an Immigration Officer. As a result of these inadequate staffing levels, the Post operated a twenty-four hour shift (from 06:00 hours to 06:00 hours) at any given time since the Post was operational twenty-four hours. Mwami Border Post was the only border post countrywide open twenty-four hours every day. With regard to staff motivation, your Committee heard that one of the contributing factors to low staff morale at the Post was lack of promotions and lack of access to related benefits such as staff loans. This was in direct contrast with the situation relating to their counterparts under the Zambia Revenue Authority (ZRA), a sister Department with whom the Immigration Department shared office space at the Post. It was reported that ZRA officers had access to staff loans and could afford to purchase vehicles, which boosted their morale considerably, while the immigration officers felt neglected and abandoned. In addition, rural hardship allowance was not payable for officers operating at this station as it was considered not to be based in a rural area due to the definition of a rural area adopted by the Government.

Transport **-** Your Committee observed that the Border Post had no reliable transport. An old worn out Toyota vannette had been allocated to the Post, but it constantly broke down, so the Post was unable to bank revenues on a daily basis as they had to rely on public transport (hire of taxis) when funds were available, resulting in failure to adhere to the provisions of the Financial Regulations on daily banking of revenue. Your Committee were informed that on average, the Post could only bank revenues twice per week. The Officer-in-Charge admitted that there was a danger in keeping the Government revenues at the station for a long time in that they could be misapplied by unscrupulous officers, but he added that the station was compelled to keep the revenues due to the poor transport situation which was outside his control since the nearest bank was in Chipata town. In addition to this, the use of public transport posed a security risk to both the revenues and the lives of the officers in that officers could be attacked by criminals. A further consequence of lack of transport was that the Department could not carry out border patrols, resulting in massive illegal entry of persons at various points along the Zambia-Malawi border, which was very porous. In fact, illegal passage was so rampant that three major illegal entry routes, referred to as "Zalewa" (a word in the local language roughly translated to mean "to avoid") 1, 2 and 3 respectively, had developed and were openly used for illegal entry and exit of both human beings and goods. The Officer-in-Charge pointed out that this resulted in substantial losses of Government revenue and that the Department could not tackle this problem without adequate staffing and transport facilities. Your Committee had an opportunity to witness illegal entrants freely using these illegal routes to enter and exit Zambia and Malawi and transport goods across the border.

Handling of foreign currency - The Officer-in-Charge explained that all foreign currency receipts were deposited in a specifically designated transit account for onward transmission to the Bank of Zambia. However, the Bank of Zambia did not issue the station with a receipt acknowledging the amount deposited. As a result, the station sometimes had problems with the auditors who refused to accept anything short of a receipt as official acknowledgement of the deposits.

Communication - Your Committee further learnt that immigration officers at Mwami Border Post had communication problems since the telephones at the station were not functioning. In most cases, officers used their personal cellular phones and air time to be able to communicate on official government business. Asked whether the Post's information system was computerised, your Committee heard that one computer had been allocated to the Post to enable officers familiarise themselves with its use, but the system was not yet computerised, although a project to computerise was reportedly underway. It was hoped that the computerisation of the Post would be completed by the end of the year. It was also revealed that while the Zambia Revenue Authority had a satellite antenna on site, the Immigration Department was not allowed to access the facility to ease their communication difficulties.

Office accommodation – Your Committee also learnt that the Department did not have adequate office space. For example, the Accountant at the station was operating from a storeroom which was totally inappropriate for his duties, and there was inadequate storage space for accountable documents. Several appeals to the Ministry of Finance and National Planning to assist the station to remove some of the old accountable documents for archiving had not been responded to.

Residential accommodation - Your Committee heard that Immigration Officers' houses were dilapidated and, despite boreholes having been drilled to provide water in the area, the pipes were blocked and with only one mono-pump to service the Post, there was a chronic water shortage, especially in the dry season.

Other operational challenges - The Officer-in-Charge informed your Committee that the Post depended on the Regional Immigration Office to provide petty cash to meet immediate operational needs. However, for the entire Eastern Province, this operational fund was not more than K5 million per month. The Regional Immigration Office procured fuel and stationery for all stations out of this amount; no cash was given to any station at all. The Regional Immigration Officer reiterated that this money was completely inadequate to meet the operational needs of all the stations in the province. Your Committee were also informed that the prices of fuel in the province were quite high, and cheaper fuel could only be accessed from Malawi. Further, the station had no photocopying facilities.

Zambia Police **-** Your Committee also visited the Zambia Police Post at the Border Post. They noted that the Zambia Police at Mwami Border was accommodated in a building borrowed from the ZRA and Ministry of Health, which was just a reception and one office, with no detention facilities. A Police Post had been constructed but had remained abandoned for a period of over four years. The building, which was basically completed and plastered, only required painting, power connection, fitting of the doors and procurement of furniture to be functional. Similarly, there was no residential accommodation for Officers operating at the Police Post. There was no transport for Police Officers to use when carrying out their duties, and no radio for communication. The approved staff establishment was ten but only six officers had been deployed to the station. Rural hardship allowance was not payable to officers operating at this station as it was considered not to be in a rural area, hence officers were reluctant to be posted there.

- **Chanida Border Post – Katete District**

The Officer-in-Charge, Chanida Border Post, informed your Committee that the Border Post was in Chadiza District at the Zambian border with Mozambique. The main sources of revenue for the Post were visa fees, illegal entry fees, fees charged against persons who overstayed and charges on issuance of border passes. The Officer-in-Charge stated that previously, the Post used to collect substantial revenue from visa fees charged on Mozambicans entering Zambia but, since 2004, when an agreement to that effect was reached between the two countries, Mozambicans were no longer required to obtain visas when entering Zambia, hence the Post largely depended for its revenues on British tourists and Congolese nationals transiting through Zambia en route to Mozambique on business visits. He, however, added that since the charges had been revised upwards, the level of revenues collected by the Post had not been negatively affected by the policy on free entry of Mozambicans. However, your Committee heard that, in spite of the agreement between the two Governments, Zambians were required to pay an administrative fee of US $5 for each entry into Mozambique. This should have been reciprocated by the Zambian Government through imposition of a similar fee, but this had not been the case. The Officer-in-Charge further informed your Committee that banking of all revenues was done in Chipata. Among some of the major challenges encountered by the Post are set out below.

Low revenue collections **-** Your Committee were informed that generally there were more people using the Chanida Border as an exit rather than entry point. In short, the Post was not very busy; hence, it could only collect minimal amounts of revenue. For example, the revenue target for 2007 was K10 million although the station managed to collect over K36 million. Additionally, as of May, 2008, only amounts totaling US $925 and K126,000 had been collected as revenue by the station. Asked how many persons left and entered the country on a daily basis, your Committee heard that there were not more than fifty entries and not more than seventy exits everyday. The Officer-in-Charge added, however, that the levels of revenue would be higher if the border could be properly patrolled and the number of illegal entries controlled, as the border was currently very porous.

Inadequate staffing levels **-** Your Committee were further informed that the station was manned by only four immigration officers. Given the length of the border, this was inadequate and contributed to failure to effectively control the movement of persons and goods across the border, let alone carry out border patrols. In the same vein, the Officer-in-Charge explained that Officers at Chanida were not paid rural hardship allowance because the Post was deemed not to be located in a rural area since it was located less than thirty-three kilometres away from the district headquarters. This had demotivated staff in the Department as they felt that they were unfairly treated since the facility had been extended to Government officers in other Departments.

Transport - Your Committee heard that the station did not have reliable transport and depended on one old motor bike. Additionally, the supply of fuel from the Regional Office was erratic and inadequate; hence, the station experienced serious transport problems. This contributed to failure to effectively carry out assignments such as border patrols and also affected the frequency of banking of revenues which could not be done daily as stipulated in the financial regulations. The Officer-in-Charge stated that it would be easier if the station could be allowed to open a revenue transit account at a local commercial bank which had a branch in Katete district, particularly since the station sometimes collected as little as US $50 per week, and it would not make economic sense to travel to Chipata on a daily basis to bank those amounts even if transport and fuel were available.

Handling of foreign currency - The Officer-in-Charge explained that the station had Dollar and Rand denominated accounts, but it had no Sterling Pound denominated accounts, hence they had experienced difficulties in banking Sterling Pounds. The Officer-in-Charge explained that one example was the case involving an amount of £40 collected three years earlier which had been rejected by their bankers and was still in the custody of his office.

Failure to undertake border patrols - The Officer-in-Charge stated that the station had low staffing levels and inadequate transport and could not carry out border patrols. He explained that the Department sometimes took part in joint patrols with the Office of the President, but this called for payment of allowances to the officers, which the Department could not afford. It was also not always possible to participate in the joint operations due to pressure of work at the Post. The lack of border patrols posed a security risk because there was currently a lot of poaching of game and illegal sale of landmines from Mozambique. Information reaching the Officer-in-Charge was that there was a very high demand for landmines in Zambia because of the red mercury they contained, which fetched high prices on the black market. The search for red mercury had resulted in two Zambians being killed in Mozambique in September, 2007. However, the Zambian Immigration Department could not follow up the case or establish the cause of these deaths as they failed to visit Mozambique on account of lack of logistics.

Office accommodation - Your Committee observed that the Office accommodation for the Immigration Department was totally inadequate and Immigration officers were compelled to share very small rooms at the Border Post. It was even difficult for members of your Committee to fit into the Office of the Officer-in-Charge to receive a briefing on the operations of the station. In the same vein, there was no Police Post at the station, and the Police Officers were operating from one of the Immigration Department's residential houses which happened to be vacant.

Residential accommodation – Your Committee took a walk around the residential area for Government officers at the Border Post. To their dismay, they observed that the residential accommodation for immigration officers was dilapidated and inhabitable. They also noted that the houses were very old and had not been rehabilitated since construction; there was, therefore, a danger that the houses could collapse and result in human fatalities. The Immigration compound was also not connected to the water reticulation system, but Officers could draw water from a common supply point. On the other hand, your Committee noted that new residential accommodation had been constructed for officers of the ZRA and Road Transport and Safety Agency (RTSA) which were fully equipped with a water reticulation system. This discrepancy further demoralised Immigration Officers.

Power supply and communication **-** Your Committee also learnt that the station was not connected to the national power grid. In addition, the Immigration Office also had no telephones, making it very difficult for officers to communicate. However, the ZRA had a generator set which they allowed their Immigration counterparts to utilise, but the Immigration Department was expected to contribute towards the procurement of fuel for the generator set, which the Department could not always afford. The Officer-in-Charge was desirous that the Post should be connected to the national grid since the connection had since reached Kafumbwe under the Rural Electrification Project. Connection to the national grid would considerably smoothen the operations of the Department at the Post.

- **Victoria Falls Border Post, Livingstone District**

During their tour of Victoria Falls Border Post, your Committee were informed that the Post dealt in clearing of entrants and exits and not less than 300 entrants and exits passed through the Border Post on a daily basis. Some of the foreign nationals entering the country paid visa fees, which, together with fees for border passes, constituted a major source of revenue for the Immigration Department at the Post. Following the abolition of the visa waiver in January, 2008, a significant increase in revenue collections had been forecast for the station but after the elections in Zimbabwe, there was a reduction in the number of entrants using the Victoria Falls Border Post, hence the increase had not been as high as had been forecast. In addition, it was reported that the larger portion of these entries did not pay visa fees as they were Zimbabweans, a country with which Zambia had a reciprocal agreement of waiving such entry charges. It was reported to your Committee that the suspension of the visa waiver was not a major determinant of the number of tourists entering the country, but that issues of hotel rates, quality of service and infrastructure were. Regardless of the above, there had been an increase in the visa fee collections from about US $3,500 to over US $67,000 per month. It was expected that much more could be collected once the situation in Zimbabwe stabilised if the visa waiver remained suspended. The border post operated from 06:00 hours to 22:00 hours everyday and staff worked in two eight-hour shifts to facilitate smooth operations of the station. Some of the major challenges encountered at Victoria Falls Border Post are set out hereunder.

Inadequate staffing levels **-** Your Committee learnt that due to the unfilled staff establishment, each shift, which should have been serviced by at least eight Immigration Officers, was currently being serviced by only three officers. Similarly, ZRA had four officers servicing a shift instead of the required twelve. At the same time, the Police Post at Victoria Falls Border Post had only ten officers who had to service three eight-hour shifts. This situation placed considerable strain on the available officers and compromised both the security situation and revenue collection efforts. It also meant that large portions of the border area were left unattended; for example, the rail line area was porous and a lot of illegal entry took place through that route.

Transport **-** Your Committee were informed that the Southern Region of the Immigration Department as a whole had inadequate transport. Only one vehicle was available for the whole Region and it was based at the Office of the Regional Immigration Officer. This made it difficult for the immigration officers at Victoria Falls Border Post to undertake border patrols and carry out other official functions. For example, with banking facilities about ten kilometres away in town, the lack of transport meant that banking could only be done three to five times a week using the shared vehicle from the Regional Office when it was available. Alternatively, officers used other initiatives, which included asking ZRA to assist with transportation of officers to go and bank the revenues. Unbanked revenues were kept in a safe at the Border Post, and although there had been no thefts or abuse of the funds, the Officer-in-Charge acknowledged that there were serious risks associated with keeping such large amounts of cash in the Office. As a result of this and the inadequate staffing levels at the station, operations such as border patrols could not be undertaken to control illegal entries, resulting in revenue losses to the Government.

Inadequate office space – The infrastructure at the Post was shared among RTSA, ZRA, Immigration and Police. The Immigration Department had only three small offices at the Post. This was inadequate for their operations. Similarly, the ZRA did not have a trucking shed in which they could inspect trucks, so trucks with risky or commercial goods were referred to the Livingstone town office for scanning and clearing. Only small consignments were cleared at the Border Post.

Residential accommodation – Immigration Officers were accommodated in rented accommodation, about ten kilometres away from the border post. With the inadequate transport being experienced by the station, it was difficult to ferry officers to and from work. Officers were further worried that in view of the circular that had been issued indicating that the Government would no longer pay rentals for officers, they would not be able to afford to pay the ever-escalating rentals charged by private landlords. In this regard, there was a plea that staff accommodation be constructed expeditiously on the land that had been identified for this purpose near the Border Post.

- **Kazungula Border Control Post**

Kazungula Border Control Post is located on the Zambia-Botswana Border, seventy-five kilometres away from Livingstone town. Since the Border Post is located on the Zambezi River, the pontoon is the most popular mode of transport across the border. Your Committee were informed that the Border Post facilitates entry and exit of persons and goods. It is a very busy border post and tourists used the route frequently. Visa fees are the biggest source of revenue for the Immigration Department at this Post.

Revenue **-** Since the abolition of the visa waiver, the Post collected revenues within the ranges of K150 million, US $30,000 and British Sterling £2,000 per month. However, banking of these revenues could only be done at a mobile bank which came to Kazungula district on Tuesday and Friday of every week. There were no major problems experienced in banking of foreign currency; the bank accepted foreign currency and remitted it to the Bank of Zambia in Kwacha. The rates of exchange used were not known to the Officer-in-Charge since the station was not privy to the actual amount remitted to the Bank of Zambia by the bank; the bank simply endorsed on the banking sheet to acknowledge receipt of the foreign currency amounts. However, she believed that these were lower than market rates since they were bank rates. To avert this occurrence, the Department had requested that they be allowed to open foreign currency accounts and the Officer-in-Charge was hopeful that this would be authorised. The Officer-in-Charge stated that she did not foresee any major problems in meeting the revenue target set for the station.

For their part, the ZRA collected over K22 billion per month. The station exceeded its targets every month with daily collections averaging around K1 billion. With no banking facilities within the vicinity, this revenue was kept within the premises until the days that the mobile bank was in town. However, all revenue collections and transmissions thereof to Bank of Zambia were electronically monitored by ZRA Head Office.

Transport **-** Your Committee were informed that Immigration officers faced transport problems for both operational and personal errands due to the distance of the Post from Livingstone; for example, officers had problems of transporting prohibited immigrants as well as sick relatives. A number of Immigration Officers resided in Livingstone and they found it difficult to travel to work everyday due to lack of official transport to ferry them to and from Kazungula since there was only one reliable vehicle at the disposal of the whole Immigration Department Southern Region. Most of the time, ZRA and the Zambia Police officers assisted their colleagues with transport for both official and personal errands. For example, the Immigration Department usually joined the Zambia Police and ZRA during water patrols since they did not have a boat of their own.

Staffing levels **-** The Immigration Post had only ten officers, including the Officer-in-Charge, out of the requisite twenty four and the border operated one shift (from 06:00 hours to 18:00 hours). This meant that three officers were expected to handle a twelve-hour shift at any given time. Officers were, therefore, overstretched and record keeping was not up to date. The Department could not always take part in the joint patrols with ZRA and Zambia Police because of insufficient staffing levels. Further, the effectiveness of the joint patrols was compromised because of the multiplicity of illegal border crossings, some of which went through villages and the game park, which were difficult to patrol.

Office space **-** Office space for both Immigration Officers and ZRA at Kazungula Border Post was found to be extremely limited. The Border Post did not have infrastructure such as detention facilities for Prohibited Immigrants and warehouses for storage of impounded goods. What used to be a warehouse had since been turned into an office. In addition, the water reticulation and sanitation facilities at the border Post were very poor. This was not healthy, especially that the number of clients using the Border Post was increasing rapidly.

Residential accommodation – Your Committee were saddened to note the dilapidated state of the residential accommodation for Immigration Officers. Some of the buildings actually posed a danger to human life as they were on the verge of collapsing. This also contributed to low staff morale and discouraged other officers who may be posted to the station from taking up their appointments.

Pontoon operations **–** Two pontoons were used for crossing the river which, at full capacity, could carry about seventy trucks per day. However, the operation of the pontoons was erratic due to constant breakdowns. This resulted in delays in clearing the traffic, causing serious congestion at the Border Post. At the time of your Committee's visit, for example, the pontoons had been out of service for some days, and about 110 trucks were already cleared on the Zambian side, but could not be ferried across the river. The Border Post was, therefore, heavily congested, and the inconvenience to the traveling public was clearly apparent. The ZRA Station Manager briefed your Committee that clients were required to submit entry forms seven days before arrival, so clearing of cargo was done by ZRA within thirty minutes of arrival in order to avert congestion. On average, between eighty and eighty-five trucks were cleared every day, hence more revenue was realised for the Government.

Border security **-** The border had no security fence, and since only two officers were on duty at night, there was a serious risk of thefts and smuggling. The gate pass system had helped to increase the revenue collections because one was required to have a pass in order to go through and the pass was only issued after necessary payments to all stakeholders (ZRA, Immigration, RTSA) had been cleared.

Zambia Police **-** Your Committee were informed that the Zambia Police at the Border Post was also facing similar logistical difficulties as their counterparts at Immigration. For example, they only had one run-down TATA vehicle which was not reliable. Operations at the Post were, therefore, negatively affected. The station had no Police camp and was utilising Ministry of Works and Supply pool houses for residential accommodation which officers' families shared. The Ministry had acquired land for construction of Officers' houses within Kazungula but there was no funding for construction work to be carried out. The Zambia Police only had one marine officer making water patrols very difficult to carry out. In addition, the Police Post at the Border Post had no Police cells and ablution facilities, and office space was extremely limited.

- **Katimamulilo Border Control Post**

During their tour of Katimamulilo Border Post in Sesheke, your Committee were informed that the main sources of revenue for the Immigration Department at the Post were border passes, temporary permits and admission of guilt fines. Although the Border Post was not very busy, the Department had managed to raise substantial revenues over the past two years. In 2007, revenues amounting to K212,930,000 and British Sterling £540 were realised, while from January, 2008 to the date of your Committee's visit, in June, 2008, amounts totaling K103,045,000, US $54,490 and British £150 had been realised. Asked whether there were any porous areas used for illegal crossing of the Zambia-Namibia border, the Officer-in-Charge stated that the border was very open, illegal entry and exit was rife through the use of canoes on the river or bicycles along footpaths.

Low staffing levels **-** Your Committee were informed that the approved establishment for the station was sixteen but there were currently only six officers based at the station. The station operated one twelve-hour shift from 06:00 hours to 18:00 hours. To keep the station open during these hours meant that the officers had to be on duty for twelve hours daily. The station also had no accounting staff, so one of the non-accounting staff had to carry out the duties of an accounting officer, which was a breach of financial regulations. The low staffing levels placed the Immigration Officers at the Post under considerable pressure. Further, with the low staffing levels at the station, Immigration patrols could not be undertaken to try to control illegal activities.

Transport **-** The station had no official transport; hence, officers relied on public transport (taxis) to carry out official duties such as banking of revenues. Additionally, Officers had to use their personal finances to pay for the public transport used. The Officer-in-Charge explained that the last time the Immigration Department at Katimamulilo was allocated a vehicle was 1984.

Banking **-** Your Committee learnt that banking was done every two days because of the lack of transport already alluded to. In addition, the station was not given any petty cash to meet immediate operational requirements by the Provincial Immigration office. Therefore, officers always used their own resources to carry out their official duties. In addition, the station did not have a safe; hence, all revenues collected were kept in the drawers at the station before banking. This posed a serious security risk to both the money and the officers at the station. Asked whether the Department faced any difficulties in banking foreign currency, the Officer-in-Charge explained that the station banked all revenues in their Kwacha account. The station relied on their bank statements to verify that their account had been credited with the deposits. He, however, indicated that the rates of exchange used to convert the foreign currency deposits were not known to the station as they were not revealed by the Bank.

Office accommodation **-** There were no detention facilities at the border post for the Immigration Department, but the Zambia Police had holding cells.

Residential accommodation - Your Committee learnt that Immigration Department and ZRA staff did not have residential accommodation, although about eighty plots had been acquired for construction of Immigration staff accommodation. Construction could, however, only be undertaken once funds were secured for the project.

Communication - There was a functioning ZAMTEL telephone line used for communication by the station. However, the Post was not yet computerised and all records were manually kept.

- **Shangombo Border Control Post**

Your Committee observed that the road from Sioma turn off to Shangombo was in extremely bad condition. The over 150 km journey from the turn-off to Shangombo District, which should take about one and a half hours, took your Committee over five hours to accomplish. At the same time, it was a very uncomfortable drive. During their tour of Shangombo Border Post, your Committee were informed that the post was established in 1975. The Post was on the border between Zambia and Angola and had, therefore, experienced serious tension and insecurity during the time of the civil war in neighbouring Angola. However, following the end of the hostilities in Angola, the security situation around the border area had tremendously improved and there were only a few cases of cattle thefts, mostly perpetrated by individuals from the Angolan side of the border. Separating Zambia and Angola was the seven kilometre Rivungu Canal on the Kwando River, which had not been cleared for a number of years and was therefore overgrown. Some Government infrastructure such as schools and a hospital were under construction in the district and it was hoped that more Government officers would be sent to work in the district when these were completed. Currently, Government officers based in Shangombo were experiencing difficulties sending their children to school since there was no high school in the district, and this could be discouraging to other officers who could be sent there. Your Committee noted with serious concern that the exact location of the Zambia-Angola international boundary in Shangombo was not clearly demarcated. According to the Government officers in the district, there had been some claims that the Kwando River was the boundary, but other claims placed the boundary at the edge of the plain on the Zambian side. The officers stressed the need for the issue to be clarified in order to avoid possible conflicts in the future.

Revenue collections **-** Entry fees for Angolans entering Zambia were currently pegged at US $50 per person. This was the main source of revenue for the station. However, the revenues collected at Shangombo Border Post were minimal, sometimes as low as US $300, because the flow of people using the official border crossing point was very low. Most people preferred to use unauthorised routes; some simply in order to avoid security scrutiny, and others because the unauthorised routes were nearer to better roads leading out of Shangombo. Also, traveling by banana boat on the overgrown canal to the official border crossing was very risky because the canal was infested with crocodiles, hippos, snakes and possible armed gangs. This discouraged travelers from using the official border crossing. In other words, the Shangombo border was extremely porous and did not realise much revenue although it had vast potential to contribute to the national treasury. Once collected, revenue was kept in the office because there is no safe to keep the revenue collected.

Inadequate staffing levels **-** The staff establishment for Shangombo Border Post was four. Your Committee noted with concern that there was currently only one Immigration Officer in the whole of Shangombo District, making it necessary for the Border Post to be closed whenever the officer was out of station. For example, when the officer traveled to Senanga to bank revenues collected, the border had to be closed. It was also difficult for the officer to undertake any patrols, especially in view of the fact that the District was quite vast and there was no means of transport. Due to the seriousness of the situation, other Government officers in the district, such as the Police and district messengers, assisted in managing the border, but these Departments were also understaffed and so the border was generally very open. For example, there was only one officer from the Office of the President and the Zambia Police station, with an approved establishment of forty-four had only nine officers based in the district at the time of your Committee's visit. There was no Customs Office at Shangombo Border Post. In this regard, it was impossible for the officers to carry out border patrols.

Transport - The Immigration Department in Shangombo District had no official transport at all and the Immigration Officer was expected to monitor the vast border area on foot. Your Committee found this untenable and unacceptable and noted that it also posed a security risk to the life of the officer in the performance of his official duties, which sometimes included pursuit of criminals. In the same vein, your Committee noted that a large portion of the border area was covered by the Kwando River and the Rivungu Canal which were overgrown with weeds. Further, even if the canal were cleared, the station had no reliable water transport and had to rely on banana boats hired from local residents when operational funds were available, which was very rarely. These shortcomings meant that Shangombo was host to a large number of Angolans living in Zambia illegally. On the other hand, the Officer faced a challenge in terms of banking revenues collected as there was no public transport in the District and no funding for the Post. The officer, therefore, only travelled to Senanga once a month to bank revenue and collect other operational materials such as stationery. During such trips, the officer had to ask for assistance in terms of transport from the Police or Office of the President or to use his personal funds to pay for a ride on one of the trucks that were the only means of public transport in the area.

Residential accommodation – There were fifteen staff houses for the Immigration Department, but they were dilapidated, having last been renovated in 1973. Most of these units were occupied by officials from other Government Departments except the one occupied by the Immigration Officer.

- **Sikongo Border Post**

During their tour of Sikongo Border Post, your Committee could not meet the Immigration Officer as he and some Police Officers were out in the plains carrying out official operations. Your Committee, therefore, only met the Police Officer-in-Charge. They learnt that Sikongo Police Station was opened in 1975 and was located eighteen kilometres away from the Zambia-Angola international boundary. Your Committee were informed that the border area was generally peaceful, especially since the end of hostilities in Angola. Regular meetings were held between the Zambian and Angolan officials to resolve any immediate security issues that arose.

Low staffing levels - Your Committee were informed that out of an approved establishment of twelve, there was only one Immigration Officer based at the station. In addition, Sikongo Police Station was currently had four Police Officers out of an approved establishment of sixty-five. These low staffing levels made operations very difficult, particularly for the Immigration Officer, who was entirely on his own in the District.

Transport - The station relied on a worn out TATA vannette for transport, but it was not suitable for the terrain in Sikongo as it did not have the necessary four-wheel drive facility. The vehicle was, therefore, of little use and both the Immigration and Police officers experienced severe transport problems. With the international boundary covering a total distance of over 150 km and a vast district, the Officer-in-Charge explained that, in some cases, officers were forced to walk for as long as about ten days to follow up reports of criminal activities.

Revenue Handling **-** The Officer-in-Charge further explained that many Angolan nationals entered Zambia through the border Post, especially those that wished to utilise the local clinic. To facilitate their entry, these Angolans were expected to obtain border passes, which the Immigration Officer issued upon payment of the prescribed fee of K2,000. He also stated that since there were no banking facilities in both Kalabo and Sikongo, all revenues collected at the border had to be deposited in Mongu, and all financial transactions were audited by officers from Lusaka and Mongu.

Communication **-** Your Committee were informed that the station relied on an old radio for communication, but reception was bad and sometimes the system did not work at all.

Office accommodation **-** The Police Station was quite spacious although the building required immediate maintenance. Since the complement of police officers was small, most of the offices were occupied by officers from the Forestry Department. Your Committee also noted that the only Zambian flag at the Station was worn out and could not even be hoisted.

- **Kalabo**

Your Committee also met the Immigration Officer (Inland Control) in Kalabo District. The officer indicated that the main sources of revenue for his station were visa and border pass fees paid by Angola nationals upon entry into Zambia. These were currently pegged at $500 per month. There were repeated entries by the same individuals who kept entering Zambia to procure goods for their businesses in Angola. The officer explained that the operations of the station were negatively affected by shortage of human resources since he was the only Immigration Officer in the whole District. In addition, the Border Post was a long way from the harbour, and monitoring of the movement of persons on both land and water was very difficult, particularly since the Department did not have reliable transport. Your Committee also heard that banking of revenue collected was done twice every month in Mongu, but that Sikongo Border Post had not been banking for the last six months because the border was not very busy. The officer added that another problem facing the station was lack of transport, leaving officers dependent on public transport. However, since claims for refunds of personal money used to meet transport costs on official duties were always delayed, officers were reluctant to use their personal money for official duties. It was also noted that the Immigration Officers were not entitled to rural hardship allowance since their stations were not considered to be in a rural area, in accordance with Government directives. The officers lived in rented accommodation which had hitherto been paid for by the Department, but they were not sure whether this arrangement would continue following the circular stating that rentals would not be paid for Immigration Officers, among others. Further, there were no funds given to the officer to facilitate the day-to-day running of the district office.

- **Lukulu**

During their visit to Lukulu, your Committee could not visit Washishi border area, about 225 km away from Lukulu district headquarters, as originally intended because they were advised that various streams across the bush tracks leading to the border area were still overflowing following the heavy rainfall in the previous rainy season, posing a danger to the safety of the Members. Additionally, your Committee would have to cross the Zambezi River using a 125 horsepower capacity pontoon which could only carry one vehicle at a time, and was often out of service. It was not possible to determine whether or not the pontoon was in service on the day of your Committee's visit. Your Committee were further informed that there was no Border Control Post in Lukulu District, despite Zambia having a long stretch of international boundary with Angola in the Washishi area. They also learnt that there was no Immigration Officer deployed in Lukulu and, as a result, a large numbers of Angolan nationals entered and left Zambia through the district freely. Despite this, however, the District was generally peaceful with no major security concerns. In view of the foregoing, your Committee undertook a tour of the facilities under the portfolio of the Ministry of Home Affairs around Lukulu District headquarters, particularly those for the Zambia Police.

- **Zambia Police – Lukulu District**

Your Committee were concerned to note that the Police station was accommodated in the Council building. Further, the Police offices were few and very small in size. As a result, the toilets were being used as storage rooms, while the officers were expected to use pit latrines as conveniences. One very small room was used as an improvised detention facility. However, your Committee were happy to note that a new police post was under construction with improved detention facilities. Additionally, twenty four out of forty three police officers had no housing and they were not entitled to rural hardship allowance, which was discontinued in April, 2008. Following a Government directive, officers in rented accommodation would be expected to meet their own rentals with effect from June, 2008. The rented accommodation in which officers lived was also in a deplorable state. Although an application had been made to Lukulu District Council for a suitable piece of land on which to construct residential accommodation for the Police officers, the documentation had not yet been finalised. Currently, some Police officers were accommodated in a Government guest house at a fee and, at the time of your Committee's visit, three married officers were sharing a single room in the guest house. The guest house was also in a state of dilapidation. However, your Committee were informed that the officers may be evicted by the end of June, 2008 on account of arrears arising from non-settlement of rentals by the Government. As no operational funding was given to the District, the provincial office in Mongu was responsible for settlement of these rentals.

- **Mwembeshi Prison - Mumbwa**

Your Committee were informed that Mwembeshi was an open air prison with a total of 333 inmates. There were thirty three such prisons around Zambia at the moment. Farming was a major activity at Mwembeshi prison, and the aim for the establishment of the prison was to decongest conventional prisons and keep prisoners busy and engage them in skills training activities. Your Committee also noted that the Prison Farm had produced 9,300 bags of maize during the 2007/08 farming season under a joint venture with the Egyptians, compared to 6,000 bags produced during 2006/07 season before the venture. This quantity of maize was produced on the prison's 100 hectare farm. An amount of K322 million had already been realised from the sale of maize grain and had been banked in the Prison Industry Revolving Fund. The prison also had a banana plantation from which mature produce was expected in the near future and a 300 hectare wheat farm which had already been planted. The Commissioner of Prisons informed your Committee that the management of the prison was satisfied that the farms were operating profitably.

Your Committee toured the Mwembeshi Maximum Prison Complex, which had been under construction since 1975. This was designed to be a separate detention facility for those awaiting trial (remand) and capital offenders and had the capacity to accommodate up to 200 inmates. While the complex was not yet inhabited, your Committee noted that following release of K1 billion each in 2006 and 2007 and K15 billion in 2008, works on the hostels, kitchen, dining room and office block had been completed and power connection was underway. A borehole had also already been done but it was not operational since the site was not yet connected to the power source.

- **Lusaka International Airport - Lusaka**

Your Committee were informed that Lusaka International Airport was the biggest airport in the country. The Immigration Department performed both security and revenue collection functions at the airport, and revenues collected amounted on average to around K900 million per month. However, the station experienced the challenges outlined below.

Staff morale - Your Committee were also informed that officers in this department lacked motivation in terms of housing allowance. Your Committee heard that the Government had recently made a decision to discontinue paying rentals on behalf of Immigration Officers and they would, with effect from June, 2008, be expected to pay rentals from their housing allowances, which ranged from K250,000 to K500,000. This had demoralised Immigration Officers. The situation was exacerbated by the fact that ZRA officers had better conditions of service than those in the Immigration Department although the two departments were part of the same Government and were expected to serve the same clientele. Your Committee noted that Government support and motivation for officers was necessary for the smooth operation of the station. For example, since officers in the Department did not belong to a union, issues such as promotions, housing allowance and other incentives ought to be attended to by the Government as a matter of course in order to improve the morale and performance of the officers.

Office accommodation and ancillary facilities - Your Committee further noted that the Immigration Department offices at the station were not appropriate to house such an important security wing. The offices were too small, not properly ventilated and dilapidated, and the furniture, apart from being dilapidated, was also inadequate, with a number of officers carrying out their duties whilst standing. Your Committee observed that in the arrivals hall, the department had five booths to accommodate ten officers and, in the VIP booth, the Department used borrowed chairs from Office of the President (OP). There were no proper computer stools for the officers' use and broken chairs littered the booths. Other facilities such as cabinets were also in a dilapidated state and the Department had no separate ablution facilities; officers relied on the public conveniences.

The station only had one safe in the office of the Officer-in-Charge, which was not enough for storage of all the accountable documents and the revenues collected. For example, officers on the ground floor did not have safes or cash boxes and were compelled to carry the cash collected in their pockets or personal bags. This posed a risk to the security of not only the large amounts of revenue collected, but also the officers themselves. There was also inadequate space to store accountable documents. Your Committee learnt that the Ministry of Finance and National Planning officials had visited the station on several occasions in the past and had promised to provide safes to the Department, but this had not been done despite repeated reminders to the Ministry through the Chief Immigration Officer.

Appropriation-in-Aid - Your Committee were informed that the Immigration Department was allowed to utilise some of the revenues they collected as Appropriation-in-Aid (AIA), but they received very minimal and erratic funding for recurrent departmental charges (RDCs); for example, there was no funding for RDCs in November and December, 2007. The Officer-in-Charge explained that if funding was done on a regular basis, items like furniture could be procured but, at current levels, it was inadequate to procure high cost items such as safes. Asked what AIA was used for, the Officer-in-Charge stated that the little that was received was used to pay rentals for residential accommodation as well as officer rentals, stationery and fuel for operations. The fuel provided by Immigration Department headquarters, which amounted to thirty litres per month for the staff bus and ten litres per month for the official vehicle for the Officer-in-Charge, was totally inadequate.

Banking of revenues - Your Committee were informed that banking of revenues was done on daily basis since the banking facilities were within the proximity of the station.

Staffing levels - Asked to comment on the on staffing levels at the station, the Officer-in-Charge submitted that the approved establishment was thirty four but currently the staff strength was only twenty four, which was inadequate, especially in view of the workload at the station. In addition, there was a recent announcement that effective July, 2008, Kenya Airways would introduce a twenty-four hour flight schedule, necessitating a twenty-four hour operating schedule for the Immigration Department to facilitate completion of immigration facilities for travellers using that airline.

Transport - Your Committee were informed that while a staff minibus was available and one administrative vehicle for the Officer-in-Charge, these were not adequate for the amount of work that the station had to do, especially that members of staff had to be ferried to and from work and some of them resided far away from the airport. The Department was making an effort to acquire some land near the airport for the purpose of constructing staff residential accommodation, but this was a long term solution and subject to availability of funds for the construction work.

- **Immigration Headquarters - Lusaka**

Your Committee visited Immigration Headquarters at Old Kent Building and were received by the Chief Immigration Officer and senior officers in the Department. Your Committee were informed that the Department's mandate was to facilitate the movement of people entering and exiting the country through the forty two border controls around the country through issuance of permits and visas and permanent residency permits, study permits and temporary permits. The Department was also responsible for removing foreign nationals who entered or were living in the country illegally. She added that no new border control had been constructed by the Zambian Government since 1970, except for self-help projects in Sindamisale, Sumbu and Chipungu. She further highlighted the following as some of the most pressing challenges facing the institution.

Low budgetary provisions - This was one of the Department's major problems as the budgetary provision was usually not adequate to meet its requirements. The AIA arrangements had assisted the Department to obtain 100% of its budgetary provisions and meet some of its operational needs, but this still fell far below the Department's actual requirements. For example, the Department had not been able to fully meet its requirements with regard to provision of uniforms to its officers countrywide because of inadequate budgetary provisions.

Low staffing levels - The Department had a total approved establishment of 573 staff, but after a head count, the staff complement was established to be 475 countrywide, which had not increased since 2001 despite a huge increase in the movement of people into and out of the country during the same period. The Chief Immigration Officer reiterated that, for example, the increase in the number of flights in Lusaka by Kenya Airways and Egypt Air had necessitated a twenty-four hour operational schedule for the Department, but the Department had not been authorised to increase its staffing levels to be able to handle this development. There was inadequate staff to manage existing border controls, let alone new ones if any were set up. The Department had in fact been advised that it was overstaffed and needed to urgently be restructured and reduce its staffing levels. There was also no authority for the Department to fill vacancies arising from deaths and separations. The Department had, therefore, budgeted for the restructuring exercise in 2008, but the budget had been reduced from K14 billion to K9 billion, making it impossible for the exercise to be undertaken during the 2008 financial year. In the same vein, the Department was also not allowed to upgrade its positions, further adding to the de-motivation among officers.

Asked whether the Minister of Home Affairs was comfortable with the situation obtaining in the Department with regard to staffing levels, the Chief Immigration Officer stated that the matter had been discussed with the Minister and he had indicated that he would take up the issue; he was particularly concerned about the aspect of recruitment as Cabinet approved that that Department increase its staff complement from 375 to over 800, but treasury authority for this activity had been withheld for the past three years.

***Transport* -** Your Committee were informed that there was need for transport in order for the Department to be mobile and carry out their inspection functions so as to ensure adherence with immigration regulations by all concerned parties such as business operators who were required to obtain employment permits for their foreign employees and patrols in border areas to control illegal entry. Efforts had been made to procure vehicles over the last three years, but the budget was inadequate to meet this need. The Chief Immigration Officer stressed that reliable transport was imperative for operations such as patrols and delivery of deportees to their countries of origin which sometimes had to be done through third countries. Your Committee further heard that the Zambia Police and the Office of the President were given transport but the Immigration Department was not considered despite being a security wing. The Chief Immigration Officer added that defence and security conditions of service applied to Immigration officers, including free accommodation and this was the case until a recent circular. She stated that she did not understand why the Immigration Department had been picked out among all the security departments for this separate treatment, which she felt would result in low morale and would subsequently negatively affect collection of revenue and lead to increased corruption. She added that provisions such as free mealie meal were enjoyed by the officers in the Department. For other entitlements such as free water and electricity supply, the budget lines were only introduced in the 2008 financial year, and only K50 million was provided in the budget for this purpose. It was hoped that this would be increased in the next budget. The K50 million provided in 2008 was used to clear arrears.

***Office accommodation* –** The Chief Immigration Officer briefed your Committee that both residential and office accommodation at various Immigration stations countrywide was generally in a deplorable state, with Immigration Officers in some cases operating and living in unsafe conditions because of the state of the buildings in which they were accommodated. She added that in the 2008 budget, there was a provision of K1 billion for renovation of Kazungula, Mokambo and Nakonde Border Post. An agreement was also reached with the Government of Angola to construct a border Post at Washishi, but funding had not yet been secured for the project. In 2008, the Department was also expected to build Kamapanda and Kambimba Border Posts in North-Western Province, Simafulo in Southern Province, one Border Post between Isoka and Nakonde in Northern Province and Kasumbalesa in Copperbelt Province. A model had been developed by the Buildings Department which would be replicated in all the project sites. Tender procedures would be embarked upon soon.

***Residential accommodation* -** Although some funds were allocated for the renovation of staff houses, these funds could not carter for all the houses because they were minimal. The situation of the Immigration Department was very demoralising to Immigration Officers, since they worked side by side with Customs Officers, who were better provided for than they were. The recent Government decision to discontinue payment of rentals for Immigration, DEC and Police Officers would cause further demoralisation among Officers. The circular communicating this decision also stated that all officers living in institutional houses would have to pay rent to the Government. Considering that the levels of housing allowance were very low, with the Chief Immigration Officer receiving K750,000 and the lowest paid officer getting K50,000, it would become imperative for Immigration Officers to relocate to lower cost housing in order to meet the rental payments within their meager housing allowances. Currently, the Government was paying between K800,000 and K1,500,000 as rentals per officer. Asked whether an appeal had been lodged with regard to the possibility of exempting immigration officers from the decision on housing allowance, the Chief Immigration Officer stated that the issue had been discussed with the Permanent Secretary of the Ministry of Home Affairs who had indicated that she noted the matter.

Handling of revenues - The Chief Immigration Officer informed your Committee that most immigration posts did not have safes and cash boxes and, in some cases, combination keys to some safes had been lost by officers. Efforts to obtain these from the Ministry of Finance and National Planning had proved futile. She also reported that banking of revenues was sometimes delayed because of distances from banking facilities and lack of transport. In other cases, such as that of stations in North-Western Province, officers had to bank foreign currency receipts at Bank of Zambia in Ndola because commercial banks in the province did not accept foreign currency. The Ministry of Finance and National Planning had been contacted to resolve this issue and that of the exchange rates used by the commercial banks to convert these collections before transmission to the Bank of Zambia so that the Government could avoid exchange losses. She stressed that despite these delays, especially in the outlying stations, all money collected by all regions was deposited to Control 99. Only funds collected by Headquarters were deposited in their account and the account was audited regularly.

Computerisation - Your Committee were informed that the United States Agency for International Development (USAID) had been assisting the department in their efforts to computerise their operations at headquarters but, generally, the Department's operations were manual. The Department's operations were based on maintenance of files; hence, the computerisation would make the Department more efficient. There was, however, still need to train officers in computerised operations and to network the Department's operations, including the border controls. The software has been refined and it was hoped that the system could be replicated at all border controls.

Furniture - The Department faced a challenge of lack of appropriate furniture at all stations countrywide as it had not been able to replace its furniture for a long time due to lack of funds. This problem required urgent attention.

Budgeting - Your Committee heard that the Department's budget was controlled at the regions through the granting of imprest to the Regional Immigration Offices, so that they could service the border controls. Each region received between K46 million and K90 million per month as funding, depending on how busy it was. Officials from the Ministry of Finance and National Planning regularly checked to ensure that these transfers were effected in a timely manner by Immigration headquarters.

Asked what Parliament could do to assist in the area of staff motivation, the Chief Immigration Officer stated that the Department would like to get a balance in relation to funding between the central administration and operational wings since the Ministry headquarters got the lion's share of the Government budget. Your Committee were further informed that the Department was trying to provide facilities such as boreholes to provide piped water to their officers in outlying areas, such as at Nakonde Border Post. The Chief Immigration Officer explained that even though there was very good cooperation between her Department and ZRA, it was difficult for the ZRA to allow the Immigration Department to use their facilities as this would increase their operational expenditures to unmanageable levels and result in audit queries on the part of ZRA. It was also necessary for the Department to be assured of the security of its information before it could make use of communication facilities such the ZRA antenna at Mwami Border Post.

Asked whether it would be wise for the Department to be separated from Government and made autonomous and if this would make the department self sustaining and collect more, the Chief Immigration Officer explained that out of K556 billion collected in 2007, only K13 billion was used as AIA by the Department. In 2008, the Department was only allowed to use K12 billion. As of May, 2008, the Department had already collected K40 billion, meaning that the Department could be self sustaining financially. She added, however, that Immigration was a security department which could not be expected to operate outside Government; it was wholly a Government department. The Department could, however, be given different and better conditions of service, subsequent to which they could perform much better as was the situation worldwide. She cited the example of Ghana.

COMMITTEE'S OBSERVATIONS AND RECOMMENDATIONS

Your Committee are seriously concerned about the demoralising and de-motivating conditions under which officers in the Immigration Department are operating countrywide. They wonder how the Government expects the officers to effectively collect revenue in those circumstances, let alone maintain security at entry and exit points. With specific reference to their findings during the local tours, your Committee wish to make the observations and recommendations outlined below.

(a) ***Poor funding to the Immigration Department* -** Your Committee note that the Immigration Department is severely under-resourced. They note that despite exhibiting the capacity to collect large amounts of non-tax revenue, the Immigration Department has not been favourably considered in terms of funding by the Ministry of Finance and National Planning. For example, your Committee find it incomprehensible that the Regional Immigration Officer for Eastern Region is expected to run the operations of the entire Eastern Province on a monthly grant of K5 million. Your Committee strongly stress that this should be reconsidered and adequate allocations made for the operating units in order to facilitate smooth operations by these units. They implore the Ministry of Finance and National Planning to increasingly finance operational units and reduce funding to administrative units such as Ministry headquarters as this is the only way to achieve improved service delivery.

(b) ***Transport* -** Your Committee wish to note with displeasure that officers at a number of Border Posts are expected to use personal finances to meet the transport costs for official duties such as border patrols and banking of Government revenues, despite assurances from the Government in the Action-Taken Report on their Report for 2007 that this was no longer the case. This is unacceptable and your Committee condemn it in the strongest terms. They strongly urge the Government to take immediate steps to provide these officers with reliable transport which is suitable for the terrain in which they are operating so that officers can operate effectively.

(c) ***Banking of revenues*** - Your Committee sympathise with some of the Immigration Officers in outlying border areas who are unable to adhere to the financial regulations which require that revenue be banked within twenty-four hours of collection. For example, at Mwami, Chanida, Kazungula, Shangombo, Kalabo and Sikongo, this is practically impossible because of the vast distances to the nearest banking facilities and in view of lack of transport at these stations. Your Committee also implore the Government to urgently address the problem of banking of revenues collected in foreign currency as well as the exchange rates applied by commercial banks when remitting such revenues to the Bank of Zambia to ensure that exchange losses are minimised.

(d) ***Low staffing levels*** - Your Committee are concerned about the general shortage of staff in the Immigration Department. They particularly note that the situation where some border posts are manned by a single Immigration Officer, as they found in Shangombo, Kalabo and Sikongo, is unacceptable and a danger to the security of the nation. Your Committee condemn this arrangement in the strongest terms. They note that it also means that there is no effective revenue collection mechanism at many of the border posts as illegal entry into the country is rampant.

In relation to the above, your Committee also strongly urge the Government to deploy enough officers to Chanida Border Post in order to enable the officers to operate shorter shifts or arrangements should immediately be made to close the border earlier. They, further, note that a Cabinet decision to allow the Department to recruit new staff has not been acted upon by the Ministry of Finance and National Planning for the past three years. They wonder on what basis and under what authority the Ministry of Finance and National Planning has decided not to act on a Cabinet decision for so long. Your Committee wish to emphasise that they do not expect the Ministry of Finance and National Planning to be a stumbling block in the implementation of important and urgent Government programmes such as this one. They implore the Office of the Vice President to seriously look into the issue and expeditiously resolve this matter.

(e) ***Conditions of service for security agencies under Ministry of Home Affairs*** - Your Committee note the inconsistency in conditions of service relating to security institutions under the Ministry of Home Affairs and other security agencies. In this regard, they particularly note that the recent Government decision to stop paying rentals for Officers serving under the Immigration, DEC and Police services goes against the policy of providing free housing for officers serving in the security organs. They call for an immediate review of the decision with a view to address the inconsistency.

(f) ***Common services in border areas*** - Your Committee note that the Government needs to pay attention to common services in the border areas such as boreholes, generators and communication equipment, which facilities are critical to operations and can be shared by all Government officers. The current situation where officers in some departments have access to these facilities while their colleagues do not is de-motivating for those without access. For example, in almost all the border areas visited by your Committee, the ZRA (and RTSA where they were present) had all the necessary facilities at their disposal, but the agencies under the Ministry of Home Affairs (Immigration and Zambia Police) appeared to be discriminated against. This is unfair and obviously affects the performance of these officers in their duties. Your Committee call for immediate redress of the situation.

(g) ***Rural hardship allowances*** – the definition of rural areas should be urgently revisited so that all officers operating in rural areas are entitled to this rural hardship allowance. The assertion that only a station located thirty-three kilometres or more away from a district headquarters is in a rural area is misleading and should be discarded forthwith. The definition of a rural area should be based on the realities of the situation at hand.

(h) ***Accommodation* -** Your Committee note that the offices occupied by immigration and police officers in the border areas leave much to be desired. Office accommodation is totally inadequate and poorly ventilated, to say the least, while residential accommodation for these officers is either non-existent or in a very deplorable state which, in some cases, even poses danger to human life as the houses are in danger of collapsing at any time. Your Committee wish to draw the Government's attention to the houses occupied by Immigration Officers at Kazungula, Shangombo and Chanida Border Posts. In this regard, they strongly urge the Government to embark on a countrywide rehabilitation of immigration and police offices and residences countrywide as a matter of urgency. Further, your Committee, noting the recent Government decision with regard to payment of rentals for DEC, Police and Immigration Officers, call upon the Government to pay realistic housing allowances to Government workers before they can discontinue paying rentals for them; otherwise, a decision such as this one merely serves to de-motivate the officers and will, needless to say, negatively affect the levels of revenues collected, as well as encourage corrupt practices among officers.

(II) FOREIGN TOUR

Your Committee undertook a foreign tour to Mauritius. The purpose of the tour was to understand the budgetary process in that country and to appreciate how Mauritius, a country with very limited natural resources, had managed to transform itself into a relatively high income country. The focus was on the measures that Mauritius had taken to harness its earnings from the tourism sector and use this to foster the development of its economy for the benefit of its people. During their tour, your Committee interacted with, among others, the Speaker and Deputy Speaker of the National Assembly of Mauritius, the Chairperson of the Committee on Independent Commission Against Corruption Act, various officials from the Ministry of Finance and Economic Development (Budget Office), the Chairperson and senior staff of Black River District Council (one of the rural councils in that country), officials of the Debt Management Unit, the Accountant General's Office and the National Audit Office.

Your Committee received a background brief during which they were informed that the Parliament of Mauritius did not have a Committee equivalent to the Committee on Estimates. The Speaker also briefed your Committee that forty years ago, Mauritius was economically in the same position as Zambia, with GDP growth averaging around 3%. In fact, a report produced under the auspices of the British Government wrote the Island off as "not viable as an economic state". This was at a time when population growth was also quite high, with the people generally uneducated and unskilled, resulting in high poverty levels. At that time, about 90% of GDP was made up of sugar exports. There was an urgent need to diversify the economy because climatic conditions, particularly cyclones, affected the sugar plant; so economic performance could be unpredictable since crop failure or damage could occur at any time. Following a vigorous diversification programme, sugar, though still an important contributor to GDP, now accounted for only about 10% of GDP. After independence, focus was also placed on education and housing in order to empower the Mauritian people with skills and assets. For example, in 1976 Mauritius began to offer free secondary education, especially for women.

Other important sectors which currently contributed significantly to the GDP of Mauritius included financial services, tourism, manufacturing and textiles, among others. With the comprehensive measures taken to enhance the levels of education among the Mauritian people, there was a marked reduction in population growth and child mortality, which currently stood at 1%, and 8%, respectively. The Speaker noted that Zambia had, in recent years, recorded impressive levels of economic growth, but the growth was rather precarious since it was predicated on exports of a primary product (copper). It was important for any developing country to focus on developing its manufacturing potential in order to increase the value of its exports and improve its balance of payments position. To effectively develop the manufacturing sector, it was necessary that a country's people be well educated and skilled. Mauritius had a total population of 1.2 million people and of these, 500,000 were registered as being employed, but only 100,000 were employed by the Government. This showed that the economy of Mauritius was largely private sector driven. Your Committee were informed that, currently, the GDP per capita of Mauritius was close to US $7,000, GDP growth was between 5.5% and 6% and its debt stock had reduced to just over 50%; so the country could prioritise other development programmes.

Your Committee further learnt that parliamentary control over the budget was considered cardinal in Mauritius. As a result, Parliament voted funds for programmes specifically and any deviation or failure to adhere to the budget must be explained or accounted for by the relevant Ministers. Your Committee further learnt the national budget of Mauritius was 100% domestic financed and that the fiscal system and the budget, in particular, was also used as a tool for distributing the development gains recorded by the country to the wider population. For example, 60% of the Mauritian budget was directed towards social service provision and, in line with this, education and health facilities at all Government institutions and transport for school children were provided free of charge; basic food such as flour and rice was subsidised, as was cooking gas. The country also had a contributory pension scheme under which all persons aged 60 years and above were eligible for benefits. Further, the Government had initiated a housing scheme where the Government provided free or semi-built housing to vulnerable Mauritian citizens. The budget was also used to finance an Empowerment Programme, which had a budget of R56 billion or about US $2,800,000,000 (as per 2008 Budget).

Your Committee also learnt that previously, the tax bands had been graduated, with the highest band at 45%. However, the Government had since made a decision to standardise the tax rate at 15%. The tax exempt threshold was also quite high and, as a result of this measure, only 7% of population currently paid tax. The standardisation of the tax rate cut across all sectors and applied to all tax payers, whether corporate or not. Generally, the Mauritian Government was reluctant to offer fiscal incentives to any taxpayer. So far, this measure, coupled with the fact that the Mauritius Revenue Authority was now more efficient and aggressive in collecting taxes, had resulted in a big improvement in buoyancy of the economy and the experience of Mauritius was that people were more willing to pay the reduced tax. Further, the inflow of investors and tourists in the country had improved tremendously. The broadening of the tax base had been achieved in some measure due to the introduction of withholding tax, especially on bank deposits and the implementation of Value Added Tax (VAT), which accounted for about 50% of total national revenues.

The above notwithstanding, the Government charged a levy on companies which performed better than average, for example, companies in the financial sector. Additionally, an amount of R25 million must be paid by all investors in the tourism industry to the Ministry of Tourism. This amount was a contribution towards provision of services such as roads, water reticulation and schools in these investors' areas of operation and was administered as a Tourism Fund. It was also considered to be a compensatory measure to the local community to offset the opportunity cost since they would have to forego enjoyment of land which the investor would occupy. Investors were also expected to take part in community development projects. It was stressed that Mauritius considered its people to be its biggest resource, hence the emphasis on skills training.

Meeting with the Chairperson - Committee on Independent Commission Against Corruption Act

Your Committee met with the Chairperson of the Parliamentary Committee that oversees the operations of the Independent Commission Against Corruption (ICAC). During the meeting, your Committee learnt that the Committee was set up in 2002 and met once a month. The role of the Committee was simply to follow up and monitor whether issues before the ICAC were being pursued to their logical conclusion, but they could not inquire into the stage or status of any inquiry. Your Committee were informed that the ICAC was composed of one Director-General and two Commissioners who were all appointed by the Prime Minister in consultation with the Leader of the Opposition. The Chairperson stated that his Committee considered the Mauritian Government as having exhibited serious committed to the anti-corruption drive by prioritizing the activities of ICAC.

Meeting with officials from the Ministry of Finance and Economic Development - Budget Office

During this meeting, your Committee learnt that following the dismantling of the multi-fibre agreement and the expiry of the sugar protocol with the European Union about three years previously, the level of Foreign Direct Investment (FDI) in Mauritius nose-dived (to about 1.5% in 2005) and Mauritian export earnings fell dramatically. Coupled with the opening up of the economy and the coming in of cheaper Chinese goods, the textile industry was moribund. As the country was not well endowed in terms of natural resources, this change in its fortunes needed to be tackled very carefully in order to avert the collapse of the entire economy. In view of this, in 2005, the Government realised that its economic model had reached its limit and launched a major structural reform programme. The current economic focus was part of the reform programme and had scored a level of success going by the fact that FDI had since increased to 4.9% in 2008. It was hoped that this would be doubled in the near future. The Mauritian budget currently had a deficit of 3.3% and the Government met this deficit by Government borrowing domestically (90%) and internationally (10%). On the domestic market, the Government issued treasury bills, Government bonds and treasury notes of different durations in an effort to close the financing gap.

Inflation rate – Being an export oriented economy, Mauritius was highly susceptible to the vagaries of international economic factors such as volatile commodity prices for its products. In addition, the country was also affected by international factors such as inflation and prices of the goods that it imported, which included crude oil and food, of which the island imported almost all its requirements. For example, the increase in international oil prices had had a negative impact on domestic inflation. Mauritius largely depended on crude oil and heavy fuel oil (HFO) in particular for electricity generation as well as other industrial uses. A limited amount of electricity was generated using bagasse, a by-product of the sugar production process, and coal but it was not enough to meet the country demand. In short, Mauritius had to choose between improved growth and higher inflation and slower growth and lower inflation levels. This was an economic as well as political decision. Currently, the inflation rate was 9%. The Ministry of

Finance and Economic Development hoped to bring the level down to about 5% and was striving to avoid double-digit inflation.

Independence of Central Bank – The autonomy of the Central Bank in Mauritius was fairly novel since the *Bank of Mauritius Act* was only passed in 2004. One view was that the Bank of Mauritius should only focus on price stability but other arguments were that the Central Bank should take account of other macroeconomic variables. To enhance good economic management and accountability for public finances, there was a Monetary Policy Committee made up of Bank of Mauritius officials and other world renown economists, who were not necessarily Mauritian nationals. Other mechanisms included the Audit Committee and the Public Accounts Committee of the National Assembly.

Tax reform **-** One of the components of the reform process was the tax reforms. In this regard, there had been a phased reduction of the tax rates over the past few years from tax bands ranging from 15 to 45% in 2005/6 to a flat rate of 15% in 2008/9, with a relatively high tax exempt threshold. All other earnings above the threshold were taxed at the standard rate. The introduction of withholding tax was another measure. Needless to say, there was a revenue loss to the Government as a result of this reform process, but the Government took the view that the loss would be temporary, and would eventually pay off through increased investment (hence more tax payers) and a broader tax base. In the meantime, the Government had to streamline its operations and reduce wastage so as to operate within the available resources. Some of the measures taken to ensure this were the ban on borrowing except for capital projects, maintenance of a decreasing debt/GDP ratio, non-filling of vacancies or creation of posts, except when absolutely necessary, for example, replacement upon retirement or death of an officer. In fact, all posts that had been vacant before implementation of this programme were phased out and ceased to exist, resulting in a 7% reduction in the size of the civil service. Additionally, expenditure had to be maintained at a constant level and only be increased by the constant rate of inflation. To cushion the impact of these measures, industry levies were introduced, such as the tourism levy.

Subsidies – 1% of GDP in Mauritius was used for subsidies as a direct Government expenditure on the provision of social services. Previously, these were applied on all services indiscriminately through the price support mechanism, but were now applied more selectively through income support under the social welfare programme so that such subsidies did not go to unintended beneficiaries.

Foreign financing – It was explained that Mauritius received a grant of approximately 1% of its budget deficit from the EU. On their part, the EU outlined conditionalities for Mauritius to adhere to in relation to performance indicators. Your Committee learnt that, in fact, Mauritius could afford to meet its budgetary deficit through domestic borrowing, but chose not to do so because of the need to preserve the stability of the monetary system.

Supplementary/Excess Expenditures **–** The Minister of Finance and Economic Development was authorised to vary funds but needed authority from Parliament even after the expenditure had been incurred, as long as it was within six months after the end of the financial year to which the expenditure related. A provision was going to be factored in a new *Finance and Audit Act* to deal comprehensively with the issue of contingencies provision in the budget but, currently, a supplementary budget normally did not exceed 3% of the budget.

Programme based budgeting – It was revealed to your Committee that the programme based budgeting approach was one of the major innovations under the structural reforms being implemented by the Government. The programme based budgeting approach had been integrated into the Mauritian budgeting system because there had been no change in policy, and it merely required that the Ministry or department identify the needs under their portfolio and determine whether the need would best be fulfilled by the Government, the private sector or individuals themselves. It was then necessary to decide how to satisfy those needs; that is to say, develop programmes to satisfy those needs. Once this was done, the Government was then expected to provide the necessary funding for those programmes in which the Government would be involved. Programmes and methodologies were reviewed on an annual basis in consultation with various stakeholders to check if they were still valid and relevant and these consultations, usually carried out by a sector, provided an input in the budgeting process.

As regards the role of Members of Parliament in the budget process, your Committee heard that, in theory, budget consultations were open to everyone, including Member of Parliament. There was also an invitation for Members of Parliament to meet and discuss budget proposals but it was generally ruling party Members who attended such discussions. Civil society organisations and individual members of the public were also free to write to the Ministry of Finance and express their views and suggestions. There was, however, no formal requirement for other stakeholders, including Members of Parliament, other Ministers or members of the public to be consulted since the Constitution provided that the Minister of Finance would determine the budget in consultation with the Prime Minister. Therefore, the extent, mode and time frame for consultations depended on the style of the individual holding the office of Minister of Finance and could vary greatly. Once submissions had been received, if any, the budget was presented to Cabinet for approval about four hours before presentation to Parliament for debate.

Your Committee further learnt that the Ministry of Finance and Economic Development was concerned about the level of fiscal discipline in the public sector. For example, all the Ministries had been requested to prepare strategic plans, and only the Ministry of Education was able to present its strategic plan on schedule. The Ministry of Finance and Economic Development had made a deliberate decision to give priority to ministries which had strategic plans in terms of allocation of funds, especially for funding over and above the ceilings, because it was possible to assess the performance of a ministry only if it had a strategic plan. It was stressed that one of the important duties of the Ministry of Finance and Economic Development was to ensure effectiveness and efficiency in the utilisation of public resources. In the recent past, the Ministry had shut down one parastatal on account of lack of fiscal prudence. The Ministry also tried to coordinate the work of ministries to avoid duplication of activities and programmes. In this regard, programme budgeting had assisted the Ministry to better coordinate Government activities because it clarified quite precisely what the public finances were being spent on.

Performance management system – This was another component of the Government's structural reform programme. This component was concerned with the level and quality of service delivered by a ministry for every Rupee allocated for their programmes. It was, in other words, a way of checking the value for money achieved by Government departments. Your Committee also heard that by 2009, it would be compulsory for each Ministry in Mauritius to have a Performance Management System (PMS). It was currently under pilot in the Central Statistical Office, the Survey Department and the Registrar of Companies. While the Mauritian Government had not been able to specifically locate a country where the PMS reforms had been entirely successful, they believed that they could replicate, with necessary modifications, those aspects that had proved successful in countries such as Singapore and Australia. Unfortunately, but not unexpectedly, the PMS had provoked some strong resistance among the ministries, with some ministers questioning whether the Ministry of Finance and Economic Development was trying to supervise them and judge their performance. However, the Ministry of Finance and Economic Development was determined to ensure that an appropriate level and quality of service was achieved for funds allocated to the ministries. Further, there had been an expectation that public service unions would resist this change strongly, but this had not been the case so far.

Some of the other constraints faced by the programme based budgeting approach were the lack of understanding and a sense of ownership of the process by the stakeholder (the ministries). There was also a challenge as regards assigning of staff to programmes, since the success of any programme depended on the availability of qualified personnel to carry out the necessary activities. In fact, one of the common excuses among Ministries for failure to achieve the required levels of output was lack of qualified staff as there were some existing vacancies which had not been filled. Added to this was the need for capacity building among existing staff. Another issue was the lack of a clear definition of the optimum level of service; therefore, even indicators could be unclear or questionable to say the least. Ministries, therefore, tended to develop very conservative indicators so as to make it easier for them to achieve them and avoid embarrassment, especially for the concerned Minister.

In addition, there had been no evaluation and monitoring of the performance of the departments under the pilot programme, as the Ministry had been concerned with getting the system started. However, in an effort to alleviate the problem of capacity, the Ministry of Finance and Economic Development had embarked on a serious training programme which was currently on-going. Officers would also be rewarded with extra increments if they performed above target in an effort to encourage them to work even harder. It was also planned that, in future, the budget would include a component for customer satisfaction surveys so that the quality of public service could be measured more objectively.

Debt management unit – Your Committee learnt that the policy of the Mauritian Government was to limit borrowing to capital expenditures; all recurrent expenditure had to be met from current receipts. Currently, 6% of the GDP of Mauritius was used for debt servicing and the country had no difficulties meeting this obligation. Further, it was stressed that the policy of the Mauritian Government was to invest all borrowed funds in productive ventures in order to be able to realise increased earnings which would enable the country meet its loan obligations. Your Committee were further informed that, under a new law, which was still under consideration, it was proposed that by 2013, public sector debt should be limited to 50% of GDP. It was explained that long term instruments were used for domestic borrowing while long term loans were used for external borrowing. Your Committee were also informed that Mauritius would not accept unreasonable conditions from any donor institution but would accept foreign expertise which would help them adjust their economy. To date, therefore, Mauritius had never been placed on a Poverty Reduction Programme, but had received some budget support from multilateral financing agencies such as the IMF and the World Bank.

As regards the debt contraction process, your Committee were informed that the Minister of Finance was responsible for this function and loan agreements were tabled in Parliament ex-post facto, that is to say, after the loan had already been contracted. Your Committee heard that Mauritius continued to engage in domestic borrowing despite this being more expensive than external borrowing because it was necessary for the Government to have a presence in the domestic financial market in order to maintain fiscal stability. Further, the Government limited external borrowing because it wished to avoid excessive exposure to unnecessary risks in the international monetary system over which it had little control. Mauritius was currently receiving large quantities of foreign direct investment (FDI), for which maintenance of stable currency and interest rates was critical.

Mauritius Revenue Authority

During their interaction with officials of the Mauritius Revenue Authority (MRA), your Committee learnt that the MRA had been operational for the past two years following the restructuring of the Income Tax Department of the Ministry of Finance and Economic Development. The MRA was established as an autonomous institution under the Ministry and senior members of staff of the Income Tax Department were retired upon commencement of MRA. Others were transferred to the new MRA on better conditions of service. Upon acceptance, they became part of MRA and subject to the Performance Appraisal System. The pension benefits for these workers also improved significantly because of improved salaries. The major objectives of the MRA were to simplify laws, regulations and procedures for tax payers so that reliance on discretion and the attendant problem of corruption could be minimised. Your Committee were informed that the MRA was satisfied that its efforts at curbing corruption in its operations were paying off going by the improved rankings by Transparency International and the World Bank. A special division within the MRA was responsible for monitoring this issue and reported directly to the Board of MRA. To ensure that there was little opportunity for negotiations between customs collector/payer, all tax inspections were carried out by teams, not individual officers. It was revealed that Mauritius planned to be a duty free Island within the next three years in order to attract more investors into the country. To improve efficiency in its operations, the MRA had acquired and introduced the use of X-ray containers at the seaport and airport to help the detection of offensive goods and manage risks in order to curb drug trafficking, terrorism and related security risks. Scanners had also been acquired to ensure that importers of cigarettes paid import taxes by obtaining tax stamps on cigarettes. Currently, the MRA collected a total of about R32 billion per annum at a cost of less than R1 billion, which was considered to be a good ratio even in developed countries such as the EU states. The MRA operated on a grant from budget office. This was a one line item in the budget which the Authority could then allocate as it saw fit. Further, the MRA was not bound by civil service terms and conditions of service as it was autonomous. It was, however, expected to adhere fiscal discipline. In this regard, the MRA staff complement was leaner than its predecessor department.

As regards the impact of the reduction of taxes from a maximum band of 45% to the standard rate of 15%, your Committee were informed that this was done in a graduated manner over a period of three years (2005 – 2008) and one of the most important results was that voluntary compliance had increased with reduced tax rates, because it could potentially cost much more to devise methods of avoiding the tax or hiring tax consultants. It was also necessary to broaden the tax base, but this could only be done if the revenue collector had tools to identify the economic transactions. It was also necessary to deepen the tax net so that all those who should be paying actually did pay. One of the vital tools in this regard was good records of motor vehicle ownership, housing purchases, and bank transactions among others. Once these were matched with the declarations made by tax payers, it was relatively easy for a tax collector to enforce the law. Further, institutions such as banks were obliged to collect withholding tax on behalf of the Government. Because of such transactions, tax payers were aware that the MRA was aware of their transactions and earnings, and hence this improved voluntary compliance. It was not usual for Mauritians to keep their money outside the banking system. In addition, informal traders such as street vendors had been encouraged to declare their earnings under a public awareness campaign, and this effort had elicited a positive response from members of the public. It was not the intention of the MRA to discourage economic growth by squeezing the street vendors out of business. Fortunately, the high tax exempt threshold of about R18,000 per month also meant that Mauritian tax payers were not too financially stretched to meet their tax obligations and this increased compliance to even higher levels.

As regards revenue from the tourism sector, your Committee heard that operators paid an environment protecting fee of 0.85% of their gross turnover, over and above income tax and VAT. The amount was paid to the Ministry of Environment. There were also payments such as solidarity levy from hotels, passenger fee paid on each ticket and passenger solidarity fee which was collected on behalf of the United Nations and used for controlling drug trafficking.

Meeting with Chairperson and Senior Staff of Black River District Council

During this meeting, your Committee learnt that Black River District Council was the smallest district council in Mauritius although it was developing faster than any other district in Mauritius. It was created in 1989 and presided over a predominantly rural area with a total population of about 60,000 people. The district was grouped in sixteen villages (most of the bigger districts had about thirty six villages each). Your Committee further learnt that local authorities raised some revenue, but it was insignificant compared to their total budget, which was a sum of R300,000,000. In 2008, the Council only collected 25% from non-tax revenue, largely from trade fees charged to traders and other operators, building and land use permit fees for all developments, advertisement fees, and an insignificant amount of revenue from burial fees. Since this was a rural area, no rates or tenant taxes were collected by the Council. The Council relied mostly on government grants, both recurrent and capital. The grants were calculated on the basis of population, number and size of tarred roads and the welfare programmes, if any. It was currently being proposed that the grant should take into account the number of vehicles in the Council area, lighting points and other services offered to residents.

Your Committee also heard that the local government system in Mauritius was under reform. Currently, two pieces of legislation were in force relating to the operations of local authorities, and efforts to harmonise and consolidate them were underway in consultation with stakeholders. Your Committee were informed that the Ministry of Local Government was responsible for the final approval of the Council's budget before it was submitted to the Ministry of Finance and Economic Development for consolidation in the national budget. However, the Council prepared its budget through its committees, with assistance from the its treasury department, after which it was consolidated and approved by the full council. Salaries and wages for local government employees were determined in the same manner as all other public workers and civil servants every five years by the pay research bureau. Your Committee were informed that building permits were issued by the Council within three days for small and medium scale enterprises. For all others, the council responded within a maximum of two weeks.

Accountant-General's Office

Your Committee were informed that the Accountant-General was the head of the Treasury. As such, it was his duty to ensure that ministries did not spend public funds unless their budget was entered in the Accountant-General's records through the Integrated Financial Management Information System (IFMIS). They learnt that the IFMIS had worked quite effectively in Mauritius, and it was important for every country to have an effective information system for all financial operations for close monitoring by the Ministry of Finance. Further, it was the duty of the Accountant-General to ensure that ministries did not exceed their budget without prior approval of the Ministry of Finance and Economic Development for any viaments. In cases of discrepancies in the utilisation of public funds, the Ministry of Finance and Economic Development cooperated with the Public Accounts Committee to deal with the discrepancies.

As regards amendments of budgetary proposals by Parliament, it was stated that the National Assembly had the right to examine the budgetary provisions item by item and were free to amend the figures downwards; upward adjustments could be a problem because resources were limited and may de-stabilise the macroeconomic framework for the budget. Your Committee further heard that the national budget for the Republic of Mauritius was presented to the National Assembly in early June and was passed after debate lasting a maximum of two weeks. At the latest, the budget was approved by Parliament by the end of June in readiness for the commencement of the financial year on 1st July. In the unlikely event that the budget was not approved by the end of June, a vote on account was given to allow expenditure by the ministries until the budget could be approved by Parliament. Once the budget was approved, the funds were kept in a pool account controlled by the Treasury and accounting officers were able to draw from these funds as and when necessary to execute programmes. The Ministry of Finance and Economic Development continued to monitor actual expenditure throughout they year to ensure that the macroeconomic targets could still be achieved. Your Committee learnt that up to 10% of total budget was non-tax revenue, although most non-tax revenue was collected by local authorities. All non-tax revenues due to the Government were banked in the consolidated fund controlled by the Accountant-General.

With regard to parastatal organisations, the Government in some cases gave grants while in other cases undertook equity participation. These funds assisted with infrastructure development, for example, in the case of Mauritius Telecom. Grants were only provided to parastatal organisations on the basis of performance. It was stressed parastatal were financially independent but were supervised by the Government in terms of their operations. The Mauritian Government planned to extend the programme based budgeting system to the operations of parastatal organisations so that they could better observe fiscal discipline.

With regard to supplementary budgeting, your Committee learnt that this could not exceed 10% of the actual budget. Usually, it was maintained in the range of 5 to 10%. Even the Contingency Fund Advance, which was availed to ministries in case of need, was limited to about 10% of total budget.

National Audit Office

During their meeting with the Director of Audit, who is the equivalent of the Auditor-General, at the National Audit Office, your Committee learnt that the office had existed for over 100 years since the time of British rule. After independence, the Government had professionalised the office, which currently had 150 staff at technician level and about seventy-five ACCA and five CIMA graduates. Others were still in the process of being trained.

The Office was responsible for all audits of the civil service, parastatal organisations and local authorities. Current Government policy did not allow out-sourcing of the Office’s work. Some parastatal organisations had the power to outsource according to their enabling legislation, but the Government insisted that the National Audit Office supervises the work of private external auditors where they were engaged. The Government also insisted on the use of international accounting standards in the work of the National Audit Office and, in this regard, the Office was cooperating closely with international audit organisations such as the International Organisation of Supreme Audit Institutions (INTOSAI). The Director of Audits stated that staff levels in the Office were sufficient and all deadlines for carrying out audits were met. There were no major logistical difficulties faced by the Office at all. As regards independence, your Committee heard that this was provided for in the Constitution, and had been respected so far by all stakeholders. The Director of Audits was appointed by the Prime Minister, with the consent of the Leader of the Opposition and approval of the President. Removal from office was subject to the process of setting up a tribunal. However, personnel independence was still lacking as staff were recruited by the Public Service Commission. This had not created any specific challenges but, from a theoretical perspective, it was better that staff of National Audit Office were independently selected by the Office itself. Similarly, although the Office had not experienced any specific problems, the financing of the Office, like any other government department, was perceived as negative. It would be better if the Office were to be financially autonomous.

Your Committee were also informed that reports from the Office were submitted to the Ministry of Finance and Economic Development in accordance with legal provisions, who, within a reasonable time, submitted the reports to the National Assembly. Although there was no specific time frame for submission of audit reports, the Office generally submitted its reports to Parliament four months after end of financial year.

Reports on the work of the Office had since been adjusted to incorporate result based criteria following implementation of Programme Based Budgeting. The office had regular interface with Public Accounts Committee in that the Office assisted the Committee and advised them during their meetings.

Board of Investment

Your Committee were informed that the Board of Investment was set up three years ago to simplify the entry of investors in the Mauritian economy. Following its establishment, the Board of Investment had gone ahead to simplify the complex regulatory and administrative structures involved in obtaining permits and licences, for example, residency and work permits which were now issued within a maximum of three days. The Board of Investment also acted as a one-stop-shop for lodging of applications for any necessary licences and permits by all investors.

It was clarified that there were no extra incentives offered to investors wishing to enter the Mauritian economy, as the Government felt that conditions were already attractive enough with a high tax exempt threshold, a relatively low and standardised tax rate, efficient issuance of permits and licence and the removal of all trade licences. In the experience of Mauritius, investors were swayed by the type and number of incentives that the Government could offer, but focused on issues such as the cost of doing business. Coupled with the openness of the economy, the investor-friendly environment created on the Island made Mauritius a natural destination for investors. The inflow of investors was particularly notable in the services, trade, ICT, marketing, banking and insurance sectors.

The role of the Board of Investment, as far as the budget was concerned, was to advise the Government on the measures it could implement in order to attract more investors to the country. It had also been involved in changing the mindsets and work culture of civil servants, who had to deal with applications from investors in relation to permits and licences so that these could be issued timely.

Public Private Partnership Unit

Your Committee were informed that in May 2002, the Minister of Finance and Economic Development announced, in his budget speech, the setting up of a Public Private Partnership (PPP) Secretariat for working on an appropriate policy and legal framework to facilitate collaboration between the public and private sectors. A PPP Task Force with members from both the public and private sectors was also set up to analyse proposals from the PPP Secretariat. The

PPP Task Force was dissolved after the PPP legislation came into force. The PPP legislation was developed after extensive consultations with various stakeholders, including the private sector, advisors, the World Bank, the Central Tender Board and the State Law Office. One of the main objectives of the PPP was to evaluate, on the basis of Net Present Value, the value that the government would get out of a project if it was implemented under PPP as opposed to the traditional government route. The private partners would recoup their investments through either direct Government payments or user charges or a combination of the two.

The PPP Bill was passed unanimously in the National Assembly in November 2004. Pursuant to this Act, a PPP Committee was set up to deal with all matters relating to public-private partnership projects. The Committee had the responsibility to assess feasibility studies of PPP projects submitted by the contracting authority; develop best practice guidelines in relation to all aspects of public-private partnership; formulate policy in relation to public-private partnership projects; and develop public-private partnership awareness in the country. The PPP Act 2004 also established a PPP Unit at the Ministry of Finance and Economic Development, which was responsible for dealing with all matters relating to a PPP referred to it by the Committee. Since the Central Tender Board was represented on the PPP Committee, procedures for procurement were more transparent and fair. A contract management team had been set up to monitor performance of contractors. Some of the major projects that had been identified for implementation under the PPP concept were the relocation of government offices to a new town, construction of a ring road around the Island, an energy mix diversification project under which the Government wished to tap wind energy by establishing a wind farm and construction of a footbridge. The total cost of these projects was estimated at around R125 billion. It was hoped that the first of these projects could take off in 2009. It was hoped that valuable lessons would be learnt from the experience of PPP. Your Committee noted that while the PPP was a new concept whose benefits would only accrue in the long run, the concept provided an opportunity for the Government to meet huge infrastructure needs in the face of inadequate funds to meet this need.

COMMITTEE'S OBSERVATIONS AND RECOMMENDATIONS

Your Committee note that the determination of the Mauritian Government and people was very evident from the way they had handled the potential disaster of the dismantling of the multi-fibre agreement and expiry of the sugar protocol and managed to reassert their sound economic standing. Arising from their foreign tour, your Committee wish to make the recommendations outlined below.

(a) ***programme based budgeting* -** Your Committee urge the Government to strengthen and deepen implementation of the programme based budgeting approach and to decentralise it to the local government level. This approach should be closely linked to specific benchmarks which will result in improved performance by the ministries and departments.

(b) ***Financial management* -** Your Committee wish to stress the continuing need for strong financial management to ensure prudent use of scarce national resources.

(c) ***Tax reform*** – Your Committee urge the Government to consider implementing a comprehensive tax reform programme aimed at reducing taxes and encouraging improved voluntary compliance.

(d) ***Public private partnerships* -** Your Committee strongly urge the Government to scale up implementation of Public Private Partnerships as a way of developing infrastructure, particularly in the rural areas.

(e) ***Supplementary expenditure* -** Your Committee wish to reiterate their recommendations that the quantum of supplementary expenditure should be kept within strictly controlled limits. They note that this is a matter under active consideration by the National Constitutional Conference.

(f) ***Public debt*** – Your Committee reiterate calls for a strict control on the levels of public debt incurred. They further wish to implore the Government to ensure that all resources obtained by way of debt henceforth are invested in capital projects such as infrastructure development, while all expenditures of a recurrent nature should be met from current incomes.

(g) ***Incentives to investors*** – Your Committee strongly urge the Government to desist from the practice of offering special incentives to foreign investors as has been the case in the past. They, however, wish to recognise the efforts made by the Government in this connection with regard to the mining sector.

(h) ***Investment in Zambia's people*** – Your Committee wish to strongly encourage the Government to invest in its biggest and most valuable resource – the Zambian people – as it is the only way that true development will be achieved. In this vein, issues such as provision of health and education should rank very highly on Government's agenda and this should be reflected in the budgetary allocations to these sectors.

TOURS, OF THE COMMITTEE IN PICTURES

- The residence of the Officer-in-Charge, Chanida Immigration Control.

- The improvised single room that acts as a detention facility at Lukulu.

- Lukulu Police Station Chief Inspector’s residence.

- Chairperson of the Committee on Estimates, Hon Beene (centre), stressing a point during the Committee's courtesy call on the Speaker of the Parliament of Mauritius while another Member of the Committee, Hon Mulenga (left), looks on.

- Hon Tembo (r) listens attentively to the welcome remarks by the Hon Speaker of the Parliament of Mauritius (l) when your Committee paid a courtesy call on him during their study tour.

- Left to right: Hon Nyirongo, Hon Imenda and Hon Limata during a visit to the Luxury Villa Project set up by the Government of Mauritius aimed at encouraging foreign investment in infrastructure development in that country.

- Left to right: Hon Tembo, Hon Imenda and Hon Masiye listen attentively to a presentation by Officers from the Ministry of Finance and Economic Development of Mauritius.

- Left to right: Hon Scott, Hon Mulenga, Hon Chishimba and Hon Masiye listen attentively during a meeting at the National Audit Office in Mauritius.

Left to right: Hon Scott, Hon Chishimba and Hon Masiye share a light moment during a visit to the National Audit Office of Mauritius.

PART D: CONSIDERATION OF THE ACTION-TAKEN REPORT ON THE REPORT OF THE COMMITTEE ON ESTIMATES FOR THE FIRST SESSION OF THE TENTH NATIONAL ASSEMBLY APPOINTED ON 8TH NOVEMBER, 2006

Comparative Study of the Budgetary Performance of Selected Ministries for the Financial Years 2005 and 2006

Para 13, Pages 10 - 12

Having made various pertinent observations, your previous Committee made the following recommendations:

(a) **Inadequate Accommodation –** The Government should invest in infrastructure development so as to enable its officers in outlying areas, particularly those charged with revenue collection, to operate in an atmosphere conducive to their work.

It was stated in the Action-Taken Report that the Government had noted and agreed with the views of your previous Committee. In this regard, your Committee may wish to note that, starting in 2009, the Ministries of Tourism, Environment and Natural Resources; Lands; and Mines and Minerals Development, would, in collaboration with the Ministry of Works and Supply, begin to construct both office and housing accommodation for staff in the revenue collection centres in outlying areas country wide.

Recommendation: Your Committee note the response. They, however, hope that the issue will be provided for in the 2009 budget and wish to be informed of progress in this regard.

(b) **Operation Tools** – The Government should urgently address the issue of inadequate transport and lack of office equipment and furniture in revenue collecting ministries in order to create a sound revenue base.

Your Committee learnt from the Action-Taken Report that the procurement of operational tools like vehicles, motor bikes, computers and furniture for the revenue collection centres in the Ministry of Tourism, Environment and Natural Resources and in the Ministry of Lands commenced in 2007. As a result, the Ministry of Lands managed to collect K20,437,741,234 compared to its projected target of K10,911,292,333. This activity of equipping revenue collection centres with transport, office equipment and furniture would continue in 2008.

As for the Ministry of Mines and Minerals Development, your Committee were informed that the approved 2008 budget had provided for the procurement of motor vehicles and other operational tools. Government was also addressing the problem of shortage of staff in the Ministry. In fact, the Ministry of Finance and National Planning was working on allocating appropriate manpower to all the revenue collection centres.

Recommendation: Your Committee wished to be availed a schedule of the distribution of motor vehicles, computers, furniture and other office equipment to revenue collection centres and the dates of distribution. They also wish to be availed a breakdown of the allocation of qualified personnel to these centres.

(c) **Delayed and Inadequate Funding** – The Government must take measures to ensure improved budget execution if priorities outlined in the Fifth National Development Plan (FNDP) are to be achieved. There was need, in this regard, for the Government to match funding to defined programmes and activities in line with funding profiles and the activity-based budget. Further, as timely release of programme funds was critical to the success of all Government programmes, it was important that funds were released timeously to enable ministries undertake their respective mandates.

Your Committee learnt from the Action-Taken Report that the Ministry of Finance and National Planning was actively addressing the problems of delayed and inadequate funding. One such measure was the requirement for the timely submission of quarterly funding profiles by MPSAs based upon quarterly ceilings provided by the Budget Office. This measure was now being routinely done by all spending agencies.

The other measure was the reintroduction of Appropriation-In-Aid. In order to strengthen Departments that collected revenue, the Ministry of Finance and National Planning reintroduced Appropriation-in-Aid (AlA) to selected revenue generating institutions. AlA was first introduced in 1996 and abolished in 2002 because it did not benefit intended revenue collecting departments. It was reintroduced in 2005, with emphasis this time round on funding actual revenue collecting departments rather than the Ministries' Headquarters. The Ministry of Finance and National Planning had continued to play a monitoring role on non-tax revenue collections by ensuring that units that collected revenue benefitted from the revenue collected and that there was overall improvement in non-tax revenue collections.

Recommendation: Your Committee wish to be informed of the actual flow of Appropriation-in-Aid to the revenue collection centres. They would also like to be availed indicators of improvement, if any, achieved in the levels of revenues collected by the revenue collecting units that can be attributed to the reintroduction of Appropriation-in-Aid.

(d) **Human Resource –** The Government should seriously consider filling vacant posts in the establishment, especially those that had a direct bearing on revenue collection and also address the lack of training for personnel in receipting of Government revenue .

In response, the Action-Taken Report stated that in 2008, the process of filling the vacant positions in revenue collecting centres, such as the Ministry of Mines and Minerals Development, the Ministry of Tourism and Natural Resources and the Ministry of Lands, especially in the Survey Department which was hit with resignations in the year 2006/7, would begin.

Recommendation: Your Committee wish to be updated as to when, if at all, the filling of vacant posts commenced and when it is expected to be completed. They would also like to be informed of the number of staff employed and deployed to the revenue collection centres highlighted in your Committee's Report for 2007.

(e) **Land Information Management System** – The Ministry of Finance and National Planning should take a keen interest in and support efforts made by the Ministry of Lands aimed at completing and securing the Land Information Management System so as to boost collection of land revenue and improve land alienation procedures.

In response, it was stated in the Action-Taken Report that the Ministry of Finance and National Planning, through the Zambia Threshold Project, was assisting in the improvement of the Land Information Management System at the Ministry of Lands in order to improve revenue collection.

Recommendation: Your Committee wish to be informed of the status of the LIMS and whether full and correct information relating to all properties countrywide have now been entered into the system. They further wish to be informed as to how far the LIMS has assisted the Ministry to decentralise its operations to the provincial level.

(f) **Land Survey Department** – The Ministry of Finance and National Planning must support efforts being made to shorten the procedure of accounting for revenues collected before they could be used by the Survey Department as Appropriation-in-Aid because that would enable the revenue collecting Department to have easier access to funding to meet operational expenses and compete more favourably with private surveyors.

It was reported in the Action-Taken Report that the Ministry of Finance and National Planning was currently supporting efforts to increase revenue collection as well as improve service delivery to the public. For the Survey Department, Appropriation-in-Aid was accounted for through the Ministry's headquarters because related funding to the Department from the Treasury was similarly accounted for through the headquarters as well. However, the Ministry of Finance and National Planning had been and would continue carrying out consultations with revenue collecting Ministries and Departments on how best Appropriation-in-Aid could be enhanced to effectively contribute to revenue mobilisation.

Additionally, in order to ensure revenues collected are promptly banked, the Treasury had authorised revenue collecting Ministries to operate Transit Accounts so that their share of funds to be used as Appropriation- in-Aid was available to them in good time once it had been accounted for. The Treasury had also supported the purchase of survey equipment and motor vehicles at the Ministry headquarters for use at the Provincial Offices so that Provinces could offer better survey services more efficiently and also maximise revenue collection.

Recommendation: Your Committee note that the problem of delayed banking is still prevalent among revenue collectors due to lack of support from Government, particularly with regard to logistical issues such as transport. They call for immediate action to resolve this issue. They further wish to be informed as to whether the Global Positioning System (GPS) machines have since been budgeted for and when they are expected to be procured for all provinces in order to ease the operational problems of the Survey Department and enable it compete favourably with private surveyors. They also call for vigilance on the part of the Office of the Surveyor General's office in order for the office to realise its revenue generation potential.

(g) **Recurrent vs Capital Budgets** – The Government must make more concerted efforts to provide an increased budget to cater for recurrent expenditure and re-introduce the capital budget.

It was reported in the Action-Taken Report that the introduction of the Medium Term Expenditure Framework (MTEF) and Activity Based Budgeting (ABB) procedures had provided for a clear link between budget allocations and service delivery. In this regard, Activity Based Budgeting had combined inputs (recurrent and capital) and translated these inputs into programmes and activities. While teething problems had been experienced in the reform of the budgeting process, it was, nevertheless, a great step forward in improving the budgetary process in the country. It made the budgeting process more transparent and informative. This process gave Members of Parliament and the general public more information in terms of how resources were allocated and on what programmes and activities these resources were being used.

Recommendation: Your Committee note and close the matter.

(h) **The mining sector** – The Government should undertake measures aimed at harnessing the Mining sector, particularly the gemstone sub-sector, so that the country could enjoy full benefits from its natural resources through the sector's contribution to the national treasury.

Your Committee were informed through the Action-Taken Report that the Government has revised mining tax legislation. The measure was aimed at ensuring that Zambian citizens benefitted from the country's mineral resources. With regard to the gemstone sub-sector, the Government would continue to support the various programmes and activities in the sub-sector, including lapidary training and marketing of gemstones, in order to ensure that there was value addition to gemstones, before trading takes place. This would ensure that gemstones were sold at competitive prices so that the sub-sector could contribute more to employment creation and to the Treasury through payment of taxes.

Recommendation: Your Committee note that other countries such as Botswana have built their economies around the exploitation of their gemstone resources. In this regard, your Committee wish to be informed as to the specific and practical measures that the Government has been taking to harness the sector for improved revenues on a comparative basis from 2007 to 2008.

(i) **Zambia Wildlife Authority (ZAWA)** – The Government should urgently review the operations of grant-aided institutions, which include ZAWA, since it was clear that their detachment from the line Ministries had not resulted into improved earnings and operations. On the contrary, most of these institutions had continued to depend on subsidies from the Government.

In the Action-Taken Report, it was explained that the Government was aware that ZAWA had not been recapitalised since it was created, contrary to the recommendation given at the time of its creation. The Treasury also recognised the need to carry out continuous review of the performance of grant-aided institutions such as ZAWA. ZAWA, like all other grant-aided institutions, was detached from the line Ministry as a way of ensuring that its operations were rationalised so that it could execute its mandate effectively. Although ZAWA had not been able to raise sufficient revenue to sustain itself, the organisation had contributed significantly to the development of the tourism sector through promotion of wildlife conservation and the fight against poaching. In view of its pivotal role in tourism development, the Government had decided to recapitalise the institution and an allocation of K23 billion had been made in the 2008 budget.

Recommendation: Your Committee recommend that the Government should consider fully recapitalising ZAWA in line with the recommendation made at its establishment to enable the Authority to offset its obligations and begin its work from a clean slate. They also call upon the Government to undertake a cost-benefit analysis of the operations of ZAWA in its current form.

(j) **Forest Revenue** – The Government should strictly regulate the harvesting and export of Zambian forest resources, particularly timber, so as to ensure that there is corresponding gain to the country in terms of both revenue to the Treasury and improved conservation of the resources.

Your Committee were informed through the Action-Taken Report that the Government, in consultation with stakeholders, was looking at ways of improving revenue collection and conservation of forestry resources. One of the measures being considered was the amendment of the *Forest Act, No. 34 of 1973* to include, among other things, participatory forest management, creation of a Forest Development Fund and review of the structure of the Forest Department. The Government had undertaken to ensure that only persons that had been authorised and issued with permits were allowed to cut down forest resources and that the right fees for the forest resources harvested were collected. Further, all persons exporting timber were required to obtain permits. The above measures had been put in place to ensure that forest resources were properly regulated in terms of harvesting and timber export from Zambia.

Recommendation: Your Committee wish to be informed as regards the actual benefits being realised locally from exploitation of forest resources, especially that these resources are exported from Zambia in raw form. They also wish to know what activities are being implemented in the area of forest resource conservation. Further, your Committee note that the *Forest Act* of 1973 is outdated and call for its immediate amendment.

(k) **Prioritisation of Revenue Collection Activities** – The non-tax revenue collecting ministries should prioritise revenue collection activities so that they are in a position to meet their targets. It must be impressed upon them that without them meeting their revenue targets, it would not be possible for the Treasury to provide the requisite funding to overall programmes.

It was indicated in the Action-Taken Report that every year, the Ministry of Finance and National Planning conducted refresher workshops and seminars for all non-tax revenue collecting staff on revenue collection. These seminars were meant to equip the officers with new skills and to remind them of the important role they played as revenue collectors in the operations of the Government. In these seminars, the importance of meeting revenue targets was emphasised. The Ministry of Finance and National Planning also ensured that all revenue collecting ministries budgeted for revenue related programmes and activities. Once the budget was approved, these programmes and activities were supported by the necessary funding and grant of Appropriation-in-Aid, where applicable, in order to ensure good performance and that revenue targets could be met.

Recommendation: Your Committee recommend that the Government should indicate the percentage increase in non-tax revenue collection that can be attributed to the skills training undertaken so far, over and above any increase that may be attributable to other economic factors.

(l) **Liaison between Line Ministries and the Ministry of Finance and National Planning** – To further strengthen budget implementation, there should be close liaison between the Ministry of Finance and National Planning and implementing institutions so as to provide timely information with specific regard to the release of resources.

This would greatly enhance resource predictability and programme implementation by line ministries.

It was stated in the Action-Taken Report that while appreciating the Committee's observation and recommendation, it was important to note that the interaction between MPSAs and MoFNP had improved. One way in which this was achieved had been the quarterly meetings with controlling officers. This was not only an important forum to exchange views or ideas but also to reduce areas of likely misunderstanding. To further strengthen the predictability in the release of funds, new innovations such as the cash flow framework and closer interaction between the Accountant-General's office, Budget Office and MPSAs had been developed. This was expected to allow the MoFNP to release funds to institutions as and when funds were required. This would help the Treasury to plan effectively and avoid build-ups of unspent cash balances at the Central Bank and commercial banks while MPSAs would be assured of resources availability taking into account their absorption capacity.

As a way forward, the Government was also implementing the Integrated Financial Management Information System (IFMIS) with a view to further strengthening the information flow between the Treasury and MPSAs and within Government. The project was aimed at improving the acquisition, allocation, utilisation and conservation of public financial resources through the use of automated, integrated, effective and efficient information systems.

Recommendation: Your Committee note the response, but express serious concern over the continued poor flow of financial information between the MOFNP and various spending agencies as was clearly evident during your Committee's interactions with various controlling officers during the current year. They wish to be informed as to when the implementation of IFMIS would be completed in order for the benefits of better information flow to be evident. Further, they note that the statement that funds for Government projects are being released as and when required is erroneous as this is not the case. In this regard, they reiterate their earlier recommendation that funding for Government projects must be timely.

(m) **Tax Administration and Broadening of the Revenue Base** – Concerted efforts should be made by the concerned institutions to improve tax administration in the light of the continued improvements in macroeconomic performance. In this regard, it is necessary to ensure that the tax base is broadened so as to capture all prospective tax payers, particularly those in the informal sector. The Government should pay particular attention to non-tax revenue collection in an effort to broaden the national revenue base.

In the Action-Taken Report, it was indicated that the Government had undertaken reforms to reorganise tax administration in order to achieve enhanced revenue collection and broaden the tax base. These reforms had resulted in differentiating service delivery actions across various tax payer segments, namely, large tax payer, medium tax payer and small tax payer units. The segmentation approach was intended to reduce both tax administration and compliance costs. Further, over the years, Government had scaled up funding to ZRA in order to strengthen enforcement and compliance.

Specific interventions of tax administration process development aimed at improving overall effectiveness of tax administration and narrowing the compliance gap that had been put in place included:

- Simplification of the tax payer registration process and reducing the time required to register tax payers.
- Introduction of presumptive tax so that small tax payers with difficulties in keeping books of account would still pay tax and requiring small tax payers in the informal sector, such as at market places, to pay base tax.
- Reintroduction of tax clearance certificate requirements.
- Simplification of filing process and encouraging self-assessment for all segments of tax payers.
- Requiring all business entities to have Tax Payer Identification Numbers (TPIN) for easy tracking.
- Improving border infrastructure, starting with Chirundu border post. The Government was also working towards the implementation of the One-Stop-Border-Post concept at Chirundu where work processes of all government border agencies would be integrated.
- Modernisation of business process and making use of new technological solutions and harnessing commercial developments in administering tax system through the use of the ASYCUDA++ for trade taxes and Integrated Tax Administration System (ITAS) for Domestic Taxes.
- Intensifying enforcement of the requirement for retailers to use cash registers and ensuring proper use of the same.
- Broad based consultations and intensified tax payer education.
- The introduction of the Tax payer Charter that would ensure improved service delivery to its clients or tax payers.

Recommendation: Your Committee wish to be informed, using specific comparative figures over the period of implementation of the reorganisation, of the extent to which these measures have resulted in improved revenue collections and a broadened tax base.

Findings from the Local Tours of selected revenue collection facilities under the Ministry of Tourism, Environment and Natural Resources, Ministry of Lands and Ministry of Mines and Minerals Development

Pursuant to various observations and recommendations by your previous Committee arising from their tours, your Committee wish to make the recommendations outlined below.

MINISTRY OF LANDS

Para (a), pages 42/43

(i) **Land Audit** – A very comprehensive land audit must be undertaken countrywide as a matter of urgency. This was the only way the Government would know how much land was available for alienation and in which locations. The land audit would also enable the Ministry of Lands to enhance revenue collections since they would be in a position to capture all the various properties that were not currently on the database. In the same vein, record-keeping in terms of properties must be improved upon forthwith.

In the Action-Taken Report, your Committee were reminded that in 2007, the Ministry of Lands commenced the land audit starting with Lusaka Province. In 2008, the Ministry of Lands would continue with Lusaka Province and later move on to Southern, Copperbelt and Northern Provinces. After the four provinces were audited, the programme would then be rolled out to other provinces.

Recommendation: Your Committee wish to be apprised as to when the land audit would be completed.

(ii) **Mapping/Allocation of Land** – Regional Lands Offices must take a leading role in mapping and allocation of all land (whether commercial, industrial, domestic plots or agricultural stands) in their areas of jurisdiction. In this regard, these offices must be given a new lease of life through provision of transport, qualified staff, appropriate equipment and other necessary logistics.

Your Committee were informed in the Action-Taken Report that as a way of ensuring that Regional Land Offices took an active part in the area of mapping and allocation of land, the Ministry of Lands had been and would continue to render the necessary support to these offices. In this regard, the Ministry had been able to provide vehicles, computers and printers and deployed the required staff as per establishment to all the provincial centres.

Recommendation: Your Committee wish to be availed a schedule containing the details, including dates, of the allocation of staff, vehicles, computers, printers and other logistics to provincial centres.

(iii) **Decentralisation** – The Ministry of Lands needed to decentralise its operations to involve the regional, provincial and district offices which were in touch with what was obtaining on the ground. In this regard, as a matter of urgency, preparation and distribution of bills must be decentralised to district level, as opposed to the current situation where these were being done at the Ministry of Lands Headquarters in Lusaka.

Your Committee learnt from the Action-Taken Report that currently the Ministry of Lands had offices at all provincial centres in the country. Further, the Government also intended to decentralise the operations of the Ministry of Lands to the district level in line with the Decentralisation Policy so that the process of land allocation and subsequent issuance of title deeds could be made easier.

In this regard, the Government was pleased to report that the Ndola Regional Office was now fully operational and that members of the public from the Northern Region of the country could now be allocated land in Ndola.

Recommendation: Your Committee wish to get a clarification on the level of decentralisation that has occurred in relation to the Ndola office. They wonder whether this means that the entire land allocation procedure, including issuance of title deeds, can now be done at the Ndola Office. They also wish to be informed of the time table for completion of the countrywide decentralisation of the operations of the Ministry.

(iv) **Accounts Department –** The Government should take measures to ensure that each Provincial Land Office countrywide had a dedicated Accounts Department with appropriately qualified staff. There must also be improvement in the financial record-keeping in the Ministry of Lands, especially at Provincial level.

In the Action-Taken Report, it was stated that the Government was firmly committed to transforming the civil service into one that could deliver public services in an effective and efficient manner. In line with this policy, the Government had endeavoured to hire qualified staff and, where necessary training was required, considerable resources had been committed to train accounting staff. One of the objectives of having qualified accounting staff was to improve record keeping. However, the Government faced challenges in manning all accounts offices in situations where the accounting staff had been suspended and no replacements could be made during that period when such staff were on suspension.

The Government further reported that the non-availability of qualified accounting staff at Provincial Offices was as a result of lack of positions for accounts staff in the current establishment at provincial level. However, the Ministry of Lands in conjunction with the Management Development Division (MDD), had been working on the institutional assessment of the Ministry which was expected to address, among other things, the organisational structure of the Ministry. Therefore, the issue of having qualified staff at provincial offices would be adequately dealt with in the new structure that would be made.

In the case of Solwezi, the Ground Rent Collector was currently on suspension. The Ministry had communicated to the Provincial Administration to put in place administrative arrangements to deploy an officer in the interim whilst the Ministry awaited the conclusion of the case.

Recommendation: Your Committee wish to be informed of progress made on the introduction of positions for accounting staff under the Ministry of Lands at provincial level. They also reiterate the need to expeditiously deal with disciplinary cases so that the Government operations are not disrupted for inordinately long periods of time.

(v) **Survey Department** – Your previous Committee were concerned that most land transactions could not be completed at provincial level. They noted that the fact that all such transactions had to be sent to the Ministry headquarters for processing had led to inefficiency and had made it easier for unscrupulous officers in the Ministry to engage in various malpractices. They, therefore, strongly recommended that in order to support the decentralisation efforts in the Ministry, each Provincial Lands Office should have a fully equipped Survey Department, with the necessary staff complement, so that any land transaction could be processed up to completion at any Provincial Lands Office.

It was reported in the Action-Taken Report that the Survey Department had representation in eight provinces in the following centres: Livingstone, Chipata, Kasama, Lusaka, Kabwe, Ndola, Mansa and Mongu. Since all survey diagrams were supposed to be approved by the Government Surveyors who were based in Lusaka, Ndola and Livingstone, it was necessary that all diagrams were forwarded to the above listed provincial offices.

Currently, with the resignation of surveyors in Ndola, efforts were being made to send a government surveyor to the Ndola office to replace the one who resigned so that all transactions could be completed there. With regard to opening of an office in Solwezi, there were serious plans to open the Solwezi Office before the end of 2007. Unfortunately, the Department was hit with resignations, which made it impossible to deploy any officers in Solwezi. Nonetheless, the Solwezi Office was expected to open once Government surveyors were employed in 2008.

Recommendation: Your Committee wonder what the cause for the apparently mass resignations in the Survey Department was and implore the Government to seriously inquire into the matter in order to develop a lasting solution to the problem. Your Committee further wish to be informed as to whether surveyors have since been employed and the Solwezi Survey Office opened.

(vi) **Construction of Strong Room at Ndola Regional Office** – Your previous Committee were concerned that the Ministry of Lands headquarters could engage a contractor to carry out work at the Ndola Regional Office without the involvement of the Regional Office. They wondered how the Ministry would know if the works were not proceeding as planned. In this regard, your Committee strongly urged the Ministry headquarters to ensure that the strong room under construction at the Ndola Regional Office met applicable standards and requirements and that there was no loss of Government funds through shoddy work or unnecessary delays.

Additionally, the Committee also strongly urged the Ministry to undertake construction of strong rooms at all Provincial Lands Offices which did not have this facility.

Your Committee learnt from the Action-Taken Report that the Ministry of Lands had always involved the Ndola Regional Office in the implementation of the construction of the strong-room project. The officers, however, did not take part in the planning stage as this was done at the Ministry headquarters in Lusaka. Regarding the recommendation to construct strong rooms at all Provincial Lands Offices which did not have this facility, the Committee were informed that plans to construct/refurbish strong-rooms in all the Provincial Centres were being considered.

Recommendation: Your Committee wish to be informed of the time frame and actual progress made towards construction and rehabilitation of strong rooms in the provinces.

(vii) **Liaison with other Ministries** – Your previous Committee were concerned that there appeared to be no proper mechanism to foster liaison between the Ministry of Lands and other Ministries which granted land rights. In this regard, your previous Committee called for effective liaison between the Ministry of Lands, the Ministry of Mines and Minerals Development and the Ministry of Local Government and Housing in the allocation of land or land rights for any developmental activities, so that issuance of surface and underground rights was properly coordinated. In light of this, they noted that there was an urgent need to ensure that large scale developments such as Lumwana Mine should not be allowed to take off before a proper Survey and Site Plan was concluded as there is a danger of displacing local people in the process. They also implored the Ministry to expedite issuance of title deeds to Lumwana Mine in order to secure the investment.

According to the response in the Action-Taken Report, the Ministry of Lands had been liaising with the Ministry of Mines and Minerals Development in an effort to ensure that issues relating to mining rights and surface rights were well dealt with. In this regard, the Commissioner of Lands had written to the Director of Mines advising that that office should be advising the Commissioner of Lands on whether it was necessary to give title to investors who get mining rights for particular pieces of land or not. The Director of Mines should also advise the land extent for such pieces of land. With regard to

Lumwana Mine obtaining title deeds, the owners of the mine are following the normal land allocation procedure after obtaining Presidential consent.

Recommendation: Your Committee wish to know what specific improvements have since taken place in the coordination of all players involved in the issuance of surface and underground rights (the Ministry of Lands, the Ministry of Local Government and Housing, Ministry of Mines and Minerals Development and traditional leaders).

MINISTRY OF TOURISM, ENVIRONMENT AND NATURAL RESOURCES

Para (b), pages 44/45

(i) **Contribution of Tourism to National Revenues** – Your previous Committee noted that there were countries whose economies depended almost exclusively on tourism revenue. It was also common knowledge that many of these countries were not as endowed with tourism resources as Zambia was. On the other hand, Zambian tourism's contribution to the national treasury was negligible. This was unacceptable. It was, therefore, necessary that Zambia should pay serious and urgent attention to the tourism sector as an alternative source of economic survival. In this regard, your previous Committee strongly recommended that the Government should urgently make efforts to deal with the identified constraints of infrastructure, human resources and equipment, as enumerated in the Ministry's concept paper, so that the sector could begin to contribute significantly to national revenue and eventually contribute to the economic growth of the country.

Your Committee were informed in the Action-Taken Report that the Government had recognised the importance of the tourism sector in developing the economy. In this regard, the sector had been classified as a priority sector. In order to promote tourism so that it could generate more revenue over time and contribute to employment creation and economic growth, the Government had granted a number of tax concessions and other incentives to the sector. Further, infrastructure improvement was also being undertaken through the Support to Economic Expansion and Diversification (SEED) Project. This included rehabilitation of the core road network in Livingstone and the Kafue National Park (KNP).

In addition, the Government had so far rehabilitated the Livingstone and Railway Museums, developed the infrastructure at the source of the Zambezi River, constructed the Siavonga Airstrip and upgraded Jeki Airstrip in the Lower Zambezi area to bituminous status. Furthermore, the Government had carried out rehabilitation works on the Mbala-Kalambo falls road. Currently, the Government was working on developing the Chishimba Falls and carrying out rehabilitation works at the Motomoto Museum. Other major infrastructure improvements the Government had carried out included the extension of the Livingstone International Airport Runway and renovations to the Ndola International Airport Terminal Buildings. With the enactment of the *Tourism and Hospitality Act*, the Department of Tourism would be strengthened with adequate human and other resources.

Recommendation: Your Committee wish to reiterate the need for the Government to take immediate specific and practical measures to address the constraints faced by the tourism sector so that it could begin to contribute to improved foreign exchange earnings for the country. In the same vein, they wish to be availed a time frame for completion of the rehabilitation of the core road network in Livingstone and the Kafue National Park.

(ii) **Illegal Harvesting of Forest Resources** – Your previous Committee were concerned by the threat posed by the escalating levels of illegal harvesting of forest resources owing to the failure by the Ministry to police forest estates. It was noted that the scrapping of the position of Forest Guard in the Ministry was one of the main causes of this problem. The Committee strongly recommended that the Government reviews this position in the light of the realisation that Forest Guards were a necessary component of the operations of the Ministry. In the same vein, since increased inspections led to a parallel increase in revenue collected, the Forestry Department should be given adequate transport to undertake these inspections. This, coupled with adequate funding, would also enable the regional office to patrol the forest reserves and mount effective roadblocks.

Your Committee were informed in the Action-Taken Report that the Government was in the process of reviewing the Forest Department structure so as to bring back on board the position of Forest Guard whose main function would, among other things, include monitoring forest exploitation. In addition, as reported earlier, the Government was equipping the Forestry Department through the procurement of operational tools like vehicles, motor bikes, computers and furniture.

Your Committee learnt that, to address the problem of illegal harvesting and exports of timber, the Ministry of Tourism, Environment and Natural Resources had opened up offices at Nakonde, Chirundu, Katimamulilo and Kazungula Border Posts.

Recommendation: Your Committee are concerned about the length of time it has taken to resolve the issue of the reintroduction of the position of Forest Guard in the Government structure. Your Committee require that an update on the matter be submitted to them indicating when the Forest Guards would be deployed to their areas of operation.

(iii) **Appropriately Qualified Staff** – Your previous Committee were concerned that revenue collection centres under the Ministry were operating without accounting staff. They emphasised that there was need for qualified accounting staff and internal auditors to service the revenue collection centres so as to ensure that public funds would be properly accounted for at all times. This would further enhance financial record keeping.

Your Committee were informed in the Action-Taken Report that indeed qualified accounting staff and internal auditors would be attached to revenue collection centres as the Government continued to capacitate the revenue collection centres.

Recommendation: Your Committee wish to be informed how many qualified staff have been employed to date and projected recruitments as well as the time frame for completion of the recruitment exercise.

(iv) **Provision of Transport/Logistics/Funding** – Your previous Committee found it unacceptable that officers were in some cases compelled to use their personal resources in order to carry out Government functions such as banking of revenue collections. They reiterated the need for transport to be provided to all revenue collection centres in the Ministry to enable these centres bank all revenue in a timely manner. There was also need for revenue collecting offices to be supplied with adequate office accommodation and equipment such as computers and printers. In this regard, funding to the Department should also be adequate, timely, consistent and predictable.

Your Committee were informed in the Action-Taken Report that the Government had noted the recommendations and wished to reiterate that these measures were already underway as earlier stated in the responses given to the same concern in respect of the Ministries of Lands and Mines and Minerals Development. The Government was committed to providing adequate funding, transport, computers and other office machines necessary to improve revenue collection. Similarly, the problem of inadequate staff and office accommodation was being addressed in order to provide a conducive work environment for officers serving in these duty stations.

Recommendation: Your Committee wish to have a schedule of distribution of the logistical tools for collection of revenues such as vehicles, computers among others. They would also wish to have confirmation that all officers in various revenue collection centres are no longer using their personal resources to carry out official duties.

(v) **Source of the Zambezi River** – Your previous Committee were particularly concerned at the low entry and camping fees charged at the source of the Zambezi River. They noted that, at the current rate, it would be difficult for the Government to recoup the investment made at the site, let alone maintain it. They were, however, pleased to note that efforts were underway to revise the charges at various tourist sites. Further, your previous Committee recommended that efforts be made to employ the officers working at the site as Conservation Assistants on a permanent rather than on a casual basis as the case was. Your Committee emphasised that in all tourist sites, the local people must be given first priority in employment so as to promote better stewardship of the resources and enable the local community benefit from the resources.

Additionally, the Ministry of Tourism, Environment and Natural Resources should urgently initiate the packaging of the various tourist resources along the Zambezi basin, which included the Source of the Zambezi and the Victoria Falls, in order to maximise tourist arrivals in the country.

Your previous Committee further reiterated that Zambia should participate in arrangements such as the Central Reservation System strictly on a reciprocal basis. They found it unacceptable that this system was not benefiting the country since Zambia's natural resources, such as the Victoria Falls, were being marketed for tourism purposes by some neighbouring countries who claimed that the resources were within their borders, thereby increasing tourist arrivals and revenue in those countries, while Zambia got nothing out of this arrangement.

Your Committee were informed in the Action-Taken Report that Government appreciated the views of your previous Committee and that the officers who were previously working at the Source of the Zambezi River as Conservation Assistants on a casual basis had since been recruited on a permanent basis. The Government further confirmed that the various tourist resources along the Zambezi basin were part of the tourism package. The Government also agreed with your previous Committee that Zambia should participate in arrangements such as the Central Reservation System strictly on a reciprocal basis.

Recommendations: Your Committee wish to reiterate the need for the packaging of Zambia's tourist resources for purposes of effective marketing. In this regard, they wish to be informed of the practical measures so far taken to package the resources in the Zambezi basin, including the Victoria Falls, the Source of the Zambezi River and the Kuomboka Ceremony. Your Committee also emphasise the need for a segregated system of charges for foreign tour operators who bring in tourists as opposed to local tour operators, so as to encourage tour operators to set up operations locally or at least to partner with local tour operators.

(vii) **Prosecution of Offenders** – Your previous Committee had recommended that prosecutors should be trained within the Forestry Department to enable them handle cases before the courts of law, seeing that the other prosecutors may not have the requisite passion for forestry products. In the meantime, law enforcement officers should work hand in hand with forestry officers.

Your Committee were informed in the Action-Taken Report that the Government noted and agreed with your previous Committee's recommendations.

***Recommendation*:** Your Committee reiterate their earlier recommendation and wish to be given a full update on action taken on this matter.

(viii) **Resources Conservation/Alternative Energy Sources** – A vigorous tree planting campaign should be undertaken by the Ministry as a matter of urgency, and alternative and affordable sources of energy should be developed to reduce charcoal burning.

Your Committee learnt from the Action-Taken Report that the Government, through the Ministry of Tourism, Environment and Natural Resources, had decided to put emphasis on tree planting in the year 2008. To this effect the theme for 2008 was "*Addressing Climate Change through Tree Planting and Sustainable Woodland Management*"**.** The Forestry Department would be implementing a programme called "Industrial Plantation Programme" which would look at Plantation Expansion Promotion, Rubber Investment Promotion in Luapula Province and Renewable Energy Biogasfier in Kaputa, Northern Province. Furthermore, the Ministry of Tourism, Environment and Natural Resources was working with the Ministry of Energy and Water Development to look at alternative sources of energy.

***Recommendation*:** Your Committee wish to be informed as to how many trees have since been planted under the programme embarked upon by the Ministry and progress made on the Luapula rubber plantation and Kaputa bio-gasifier.

(ix) **Public Education** – The Ministry should urgently engage the Ministry of Local Government and Housing to sensitise traditional leaders and the general public and discourage the traditional leaders from illegally issuing state land (forest reserves) at a fee.

Your Committee learnt from the Action-Taken Report that the office of the District Commissioner coordinated, among other things, the sensitisation of chiefs on issues of land issuance. The District Commissioners would continue sensitising traditional leadership on this matter while the Forestry Department would continue sensitising the public.

Recommendation: Your Committee wish to be informed of the practical steps so far taken to address their concerns.

Para (c), pages 45/46

MINISTRY OF MINES AND MINERALS DEVELOPMENT

(i) **Transport/Logistics** – The Mines Safety Department should be capacitated in terms of transport and other logistics to enable it meet the demands of the current mining environment.

Your Committee were informed in the Action-Taken Report that Government appreciated the views of the Committee and had, in fact, began addressing this concern by strengthening the Mines Safety Department with the required staff, transport and other necessary logistics to enable the Department provide a more effective service.

Recommendation: Your Committee wish to be availed a schedule of the deployment/allocations of staff and equipment that have so far been made.

(ii) **Banking Procedures** – The banking procedures should be re-examined to allow the Mines Safety Department bank their revenue collections through a commercial bank and so reduce transport costs.

Your Committee were informed in the Action-Taken Report that the Ministry of Finance and National Planning was currently supporting efforts to increase revenue collection as well as improve service delivery to the public. In order to ensure revenues collected were promptly banked, the Treasury has authorised revenue collecting ministries to operate transit accounts so that their share of funds to be used as Appropriation-In-Aid was available to them in good time once it had been accounted for.

(iii) **Record keeping/Communication** – Record keeping in the Ministry should be improved and there should be a back up system for all information to avoid loss of vital information. The Committee were hopeful that the new cadastral system would contribute to the improvement of communication among various units and headquarters.

Your Committee were informed through the Action-Taken Report that, to address some of the shortcomings in record keeping and communication, the Management Development Division of Cabinet Office had approved the Ministry's Performance Audit Report and the restructuring of the Ministry. The restructuring would include creation of a planning and information department which was not in existence in the Ministry.

Recommendation: Your Committee wish to be informed of progress towards implementation of the restructuring of the Ministry.

(iv) **Qualified Accounting Staff** – There was urgent need for accounting officers to be stationed at all revenue collecting centres so as to ensure proper handling of government funds.

From the Action-Taken Report, your Committee were informed that qualified accounting staff and internal auditors would be attached to all revenue collection centres.

Recommendation: Your Committee wish to be availed a schedule of the deployment of qualified staff to the revenue collection centres.

Consideration of the Action-Taken Report on the Report of the Committee on Estimates for the year 2006

Consideration of submissions on the review of the Budget for the year 2004

Main constraints in the Budget for the year 2004

Para 6, Page 46

Your previous Committee reiterated their concern regarding the conflict of the roles of district commissioners and district councils which continued to exist. They wished to be apprised as to what concrete steps were being taken to address this issue and progress so far made, if any, towards addressing legal and administrative constraints to the decentralisation of the budgeting function to district level. Your previous Committee, further, wished to know what concrete steps had so far been taken to build the capacity of districts councils to handle the medium term budgeting process.

Your Committee were informed in the Action-Taken Report that the observed role conflict between the offices of the district commissioners and the town clerks/council secretaries at the district level was receiving attention. The issue of streamlining the operations of these offices at the district level in order to harmonise their operations was being addressed in the Decentralisation Implementation Plan (DIP) which was currently before Cabinet for consideration.

In 2003, the Government adopted the Medium Term Expenditure Framework (MTEF) as the basis for budget preparation in order to address the weakness of the traditional budgeting system, thereby making the budgeting process more participatory, transparent, predictable and accountable. So far, the implementation of the MTEF had been limited to central government ministries and provinces only.

It had become apparent, however, that the principles of MTEF needed to be extended to other Spending Agencies. To this end, the Government had incorporated MTEF training of district councils in the Public Expenditure Management and Financial Accountability Reform (PEMFA) programme. In addition, the Government had, in collaboration with the Cooperating Partners, begun the process of developing manuals that would be used as guides for district councils in the area of budget preparation. It was envisaged that this activity would be completed by September, 2008.

Recommendation: Your Committee wish to be informed whether the manuals to guide district councils in the area of budgeting have since been completed.

TOUR REPORT

Para 7, Pages 46/47

(i) Your previous Committee wished to be informed of the progress made towards legislation to provide for the existence of the PDCC and the DDCC. They also wished to know what role, if any, the two organs would play in the implementation, monitoring and evaluation of the Government programmes, as well as the role of Members of Parliament in relation to the two structures.

Your Committee were informed in the Action-Taken Report that the Provincial Development Coordinating Committee (PDCC) and the District Development Coordinating Committee (DDCC) were created by Cabinet Circular No. 1 of 1995 to perform the function of coordination at provincial and district levels. During the preparation of the FNDP, PDCCs and DDCCs were used as they had a wide coverage. In the Monitoring and Evaluation Framework in the FNDP, the PDCC and the DDCC were identified as ideal for planning, coordination, monitoring and evaluation. Consequently, the roles and responsibilities of both the PDCC and the DDCC in the FNDP were as follows:

PDCC

- To co-ordinate implementation, monitoring and evaluating of programmes at Provincial Level, chaired by the Provincial Permanent Secretary.
- To scrutinize and harmonise development plans from districts and monitor their implementation through sub-committees such as the Provincial M & E sub-committee.
- To advise on the consistency of plan implementation with national priorities.

DDCC

- To implement, monitor and evaluate programmes at District level, chaired by the District Commissioner.
- To scrutinse development through sub-committee representing each sector.
- To advise on the consistency of plan implementation with provincial and national priorities and present the plans to the council.
- To approve all the district plans and guides their implementation.

The role of Parliament in both the planning and budgeting processes was intended to be reviewed and clearly spelt out. At national level, and to the extent that National Development Plans form the basis of financial resource allocations, Parliament was empowered by the Constitution to approve and monitor budget execution by the Executive. The oversight role of this legislative arm of the State at both the planning and budgeting levels needed to be explicitly defined and streamlined. At district level, Members of Parliament preside over constituencies which, in many instances, overlap with the jurisdiction of the district. However, as members of the councils, MPs sat to pass resolutions on submissions from the DDCC on matters pertaining to national development.

The major weakness identified in these roles was the inability of the PDCC and DDCC to compel compliance from departments since these bodies were only created for administrative convenience. In this vein, a request had been made to strengthen both the PDCC and the DDCC by providing for their legislation. This recommendation had since been submitted to Cabinet Office. It was also expected that these roles and responsibilities would be further refined as implementation of the decentralisation policy progresses.

***Recommendation*:** Your Committee note the submission and close the matter.

(ii) Your previous Committee were, further, dissatisfied with the funding of public programmes and projects. They noted that all budgetary ceilings were arrived at in consultation with the Ministry of Finance and National Planning, and that it was possible, with good planning, for the Ministry of Finance and National Planning to accurately forecast revenue collections. In addition, the Committee were of the view that the Ministry should take revenue collection forecasts into account in advising the line ministries during the budgeting process. Without such accurate forecasts, the whole budgetary process was rendered meaningless. The Committee, therefore, reiterated the need to improve the funding of public programmes and projects forthwith.

Your Committee were informed in the Action-Taken Report that while appreciating the Committee's observations and recommendation, it was important to mention the fact that the 2006 financial year was very challenging for the Government in the implementation of public programmes and projects. This was so because this was the year when the revenues and grants were lower than projected due to the appreciation of the Kwacha which negatively affected trade taxes and grant receipts. In such instances, capital programmes or projects always suffered because contractual obligations such as interests and/or debt re-payment, payment of salaries and wages, certain categories of grants and other key programmes could not be postponed.

Further, the preparation of the national budget involved making projections based on a number of assumptions or factors which were subject to change in the course of the year. This was so because some of the assumptions or factors may be outside the control of Government and once these changes occur, other variables must accordingly be adjusted.

The Treasury took into account different parameters in coming up with revenue forecasts. Past trends were considered as well as prevailing economic situation and fundamentals. Other necessary information about future trends were also considered before the Budget was finalised. In view of the above, the revenue forecast could not be exact and, usually, it was within the acceptable confidence interval (between 90 and 95 percent of original estimates).

In terms of improvement of funding to public programmes and projects, the proposal was in line with the Government strategy as contained in the Fifth National Development Plan (FNDP). This was also reflected in the 2008 – 2010 Medium Term Expenditure Framework (MTEF), where it was stated that Government intention was to increase the share of capital programmes while reducing the share of recurrent programmes. This would accelerate capital formation and assist in growing the economy and develop the country.

Recommendation: Your Committee wish to be informed to what extent the Government has achieved the intention of increasing the share of capital programmes while reducing the share of recurrent programmes.

Scrutiny of the Budget for the Year 2006 for the Ministry of Works and Supply; Ministry of Community Development and Social Services; and Ministry of Communications and Transport

Para 8, Page 48

(a) Your previous Committee were seriously concerned by the failure to broaden the national revenue base by improving the contribution of non-tax revenue to total revenue. They wished to be apprised as regards the impact of the measures that had since been implemented in this regard and, in particular, the performance of the Integrated Financial Management Information System (IFMIS) in relation to revenue collection. They further wished to know when the Government intended to implement the measures outlined in the Action-Taken Report aimed at strengthening the non-tax revenue collection mechanisms. The Committee reiterated the need for the Government to invest in programmes that would yield higher revenues as these could help alleviate the financial difficulties of the Government.

Your Committee were informed in the Action-Taken Report that Government had put in place a number of measures to enhance revenue collection. These included the following measures:-

(i) Revenue collecting Ministries and Departments were currently retaining part of the collected revenue under the Appropriation-In-Aid (AIA) scheme;

(ii) The Ministry of Finance and National Planning had embarked on an exercise of revising a number of fees, charges, levies and fines in consultation with revenue collecting Ministries and Departments;

(iii) Periodic countrywide revenue inspections of collecting ministries and departments were carried out in order to sensitise revenue collecting officers on the best practical methods in the handling and securing Government revenue;

(iv) Priority had been placed on ministries and departments that collected revenue so as to improve their operations and, thereby, avoid jeopardising revenue collection. This had enabled departments and ministries to procure equipment and vehicles to be used in generating revenue. In addition, efforts to procure special equipment such as safes and scanners had been stepped up to maximise revenue mobilisation.

(v) The Integrated Financial Management Information Systems (IFMIS) under the PEMFA currently being developed would also enhance revenue collection and accountability.

TABLE (a): NON-TAX REVENUE COLLECTION (2005 - 2008)

PERIOD	2005	2006	2007	2008*
Amount (K'billion)	148.0	313.1	347.5	695.0

*Projected

Some of the above efforts had already started to bear fruit as the share of non-tax revenue had continued to increase in the last two years. From the Table above, it was evident that there was an upward trend in the collection of non-tax revenue. As for 2008, the expected amount was about double the amount achieved in 2007. As the report showed, most of the fees, charges and levies being charged by ministries and departments were very low because these had not been revised for sometime. The Government had embarked on a programme to review these charges, fees and levies together with the related legislation so as to bring them to the cost recovery levels of providing services to which they related. However, the upward revisions would be done in stages and systematically so as not to overburden the tax payers.

Recommendation: Your Committee wish to know the time frame for completion of the review of charges, fees and levies.

Para 8, Page 49

(b) Your previous Committee reiterated the need to avoid loss of public funds through payment of penalties and interest on outstanding contract amounts as the country could not afford such losses. They called for timely funding to all on-going projects, and were hopeful that such losses would not recur in future.

Your Committee were informed in the Action-Taken Report that Government had taken serious note of your previous Committee's observations and recommendations and had already taken deliberate steps to arrest the escalation of interest and penalties on outstanding amounts to contractors of goods and services. The intention of the Government was to liquidate this indebtedness by 2009 as reflected in the 2008 - 2010 MTEF. As such, K350.54 billion had been provided for in the 2008 Budget while K101.46 billion had been earmarked for 2009.

***Recommendation*:** Your Committee wish to be informed as to whether the indebtedness of Government to suppliers of various goods and services has since been liquidated and, if not, the time frame for clearing of this indebtedness.

Para 8, Page 52

(c) Your previous Committee noted the response but were concerned that despite the reported concentration of efforts on the recruitment of personnel in the Education and Health sectors, there had been no appreciable improvement in the staffing levels in these sectors hence service delivery had been severely constrained. In view of this, they wished to know how funds approved in the national budget for payment of personal emoluments to these qualified staff on the basis of the Establishment Register, which were appended to the national budget proposals on an annual basis, were spent. They also called for implementation of a serious programme to improve productivity in the public sector so as to enhance service delivery.

Your Committee were informed in the Action-Taken Report that much as the Committee's concerns regarding staffing levels in the education and health sectors had been noted, the Government was firmly committed to addressing this challenge as a way of improving service delivery by the two key social sector Ministries of Education and Health. For instance, in the education sector, in 2007, the Government employed over 10,300 teachers while an additional 5 000 were planned to be employed in 2008. In the health sector, the Government was implementing the Human Resource Strategic Plan. By 2007, 1300 health personnel had been employed out of the targeted 1984. In 2008, in excess of K24 billion had been allocated to employ additional health workers. Additionally, to improve the work environment, health infrastructure and personnel incentives, including staff loans and rural hardship allowances, were being provided to motivate staff into improved productivity. Through these measures, the Government was confident that in due time services in both education and health sectors would improve greatly.

Recommendation: Your Committee note the submission and close the matter.

Para 8, Page 53

(d) Your previous Committee also observed that despite assurances from the Secretary to the Cabinet that the Government was doing its best to improve the performance of the Civil Service, nothing had changed in terms of service delivery to the ordinary Zambian citizen. On the contrary, the quality of service delivered was progressively getting poorer as Government operations were characterised by poor record keeping, poor and deteriorating work culture, failure to complete projects despite large financial outlays and unceasing capacity building workshops whose impact was unclear. It was also apparent that corrupt practices were still commonplace in Government operations. In other words, the impressive-sounding public service reforms, with their attendant mission statements and service charters, had not yielded any positive results as far as service delivery was concerned. The capacity of the civil service to deliver services was not being realised as the public service appeared to be non-functional. This was extremely worrisome to the Committee and they called for urgent and drastic measures to be taken to arrest the situation.

Your Committee were informed in the Action-Taken Report that the Government had taken serious note of their observations and recommendations and wished to assure the Committee that the Government was still very committed to providing quality public services to its people. This was evident from the various initiatives that the Government had continued to implement over the years aimed at improving the public service delivery systems in response to the public's justified demands for improved quality of services. One such major initiative was the Public Service Reform Programme (PSRP), which was launched by the Government on 23rd November, 1993. The overall goal of the PSRP was to improve the effectiveness, efficiency and performance of the Public Service in the delivery of quality services to the people of Zambia.

The Committee may further wish to know that Public Service Reforms, wherever they had been implemented, be it in developed or developing countries, had not been a one off event, but rather a long and continuous process of improving systems, work processes and procedures, building institutional and human resource capacity and cultural remodeling to meet new challenges and rising public expectations. Changing deep rooted traditions, practices and culture of public administration to new public management was a long term endeavour requiring unflinching support and commitment from all stakeholders. Experience had so far shown that, in most countries, implementing Public Service Reforms, the various initiatives and interventions do not often yield immediate results but rather incremental improvements. These Reforms required practical and sustained political will and commitment as well as adequate, timely and sustained funding, especially from the national treasury; and a delicate balance between social/consumptive and economic/productive expenditures.

In the Zambian situation, through the concerted efforts made by the Government to build institutional and human resources capacity over the years of implementing the programme, the performance of the Public Service in delivering services to the people was improving in spite of the difficult conditions under which the Public Service was operating. The transparent manner, in which the Government was implementing the reforms and conducting its business, had resulted in, among other things, the public becoming more and more aware of their rights and, thus, demanding more and better services from their Government. This had led to the Government doubling its efforts in reforming the Public Service to provide improved quality of services to meet the expectations of the public.

Your Committee were further informed that the implementation of the PSRP had, to a larger extent, relied on donor funding which, at times, had to be curtailed following a change in donor priorities, thus affecting overall programme implementation. The Public Service Capacity Building Project (PSCAP) was a case in point. The project was originally scheduled to run over a period of thirteen years. However, after five years of implementation, the project had to be reviewed to streamline the areas of support and to accommodate the increased number of Cooperating Partners wanting to come on board. This had not, however, distracted Government’s resolve to continue with the implementation of the reforms.

With regard to the specific observations made by your previous Committee, the Government responded as follows: -

(i) With respect to the quality of public services, the general assertion by the public that delivery of public services had worsened and was dysfunctional was a matter of perception as there had been no benchmarks used in arriving at these assertions, particularly that no baseline on the standards or study of service delivery was undertaken at the time the reform programme was launched in 1993. This should have been done and would have made the basis on which comparisons could be made whether or not there had been improvement in service delivery or the very opposite had happened. To address this shortcoming, baseline data had now been documented under restructured PSCAP successor programmes – Public Service Management (PSM), Decentralisation and Public Expenditure Management and Financial Accountability (PEMFA) - currently under implementation. It was a fact, however, that while positive results were being achieved as we continue implementing the reforms, the quality of service delivery was sufficiently improving, although it was not yet at the level where it could meet the public’s very demanding expectations.

Your Committee were reminded that the main aim of the PSRP was to reform the Public Service so that it could be more focused, efficient, effective, transparent, accountable and client-oriented in the delivery of services. In this regard, the reform programme focus had been on the following:

(a) Restructuring, which involved: -

- redefining the role of Government;
- reviewing missions and functions of Public Service institutions;
- creating executive agencies;
- commercialisation and privatisation;
- decentralisation; and
- promoting public-private partnerships.

(b) Reforming oversight institutions, including Parliament, the Judiciary, the Anti-Corruption, the Drug Enforcement Commission and the Human Rights Commission;

(c) Enhancing financial accountability and public expenditure management, which included reforming the budgeting, procurement and public auditing, and enhancing expenditure controls;

(d) Enhancing performance management, which involved making changes to personnel management principles and practices, such as: -

- introduction of merit based-recruitment and promotion;
- enhanced disciplinary procedures;
- enhanced pay and compensation;
- Ethics and Code of Conduct;
- Staff Appraisal Systems and Training;
- Development of Strategic Plans, departmental and individual work plans with performance targets,
- Implementation of Performance Improvement schemes supported by a Performance Improvement Fund; and
- Development of Client Service Charters; and

(e) Business process innovations, which involved: -

- Improving service delivery through process re-engineering;
- Implementing e-Government initiatives; and
- Introduction of one stop service delivery points.

The above initiatives were being implemented and were interlinked through a common over-arching objective of reforming the Public Service for improved performance and quality of service delivery.

In implementing the reforms, a number of successes had been recorded, of which the following ought to be highlighted: -

(a) The restructuring and redefining of the roles of Government had resulted in great clarity in responsibilities and functions, and in the competencies needed for satisfactory performance. Strategic Plans and optimum structures for all the Ministries and institutions were in place, providing a framework for operations, and a firm foundation for performance monitoring and evaluation and, therefore, for improved Public Service delivery.

(b) Commercialisation and hiving off of some Government functions/services had resulted into improved services. For instance, the National Institute of Public Administration (NIPA), which was self-financing and no longer depending on Government funding, was now offering a variety of courses for enhancing skills in both Public and Private Sectors. The intake of students had also increased. The Patent and Companies Registration Office (PACRO) had now reduced the period of issuing certificates for company registration to less than a week, resulting in improved private sector participation in the development of the country. PACRO was also self financing and had recently declared a dividend to Government of K700 million, which was a great achievement for a former Government Department.

(c) The decentralisation process was going on with the development of structures and determining of staffing levels at district and other service delivery points aimed at strengthening capacities at these points. In this regard, recruitment and placement of staff in identified deficiency areas of the Public Service, such as health, education, agriculture and security, was on-going and staffing levels had been increased, resulting in the recruitment of 2043 health workers, and 10,300 teachers for the period of 2006 to 2007. This year, 5,000, teachers, 463 agriculture personnel, and 1,500 police officers would be recruited. This was aimed at enhancing access and improving the quality of service delivery.

(d) In recognition of Government's resource constraints, the Government was determined to promote partnerships with the private sector in the provision of public services, especially in infrastructure development, to facilitate effective service provision.

(e) Through the reforms, oversight institutions, such as the Anti-Corruption Commission, the Drug Enforcement Commission and the Auditor-General's Office, had been strengthened and had become more independent in discharging their responsibilities. The Government was committed to the principle of "*Zero Tolerance to Corruption*". In this regard, it had already introduced Integrity Committees in eight public service institutions prone to corruption. This initiative would be replicated in all the public service institutions.

As a result of the strengthening of the institutions and other related measures, there had been an increase in the investigation and prosecution of cases of corruption and abuse of office. For example, there were 100 cases involving public officers being prosecuted by the Drug Enforcement Commission and 373 cases involving public officers being investigated and prosecuted by the Anti-Corruption Commission.

(f) The auditing functions had been reformed; audit reports were now produced on time and members of the public could freely and intelligently engage in the debates on the utilisation of the public funds.

(g) Action was being taken on the Auditor-General's reported cases of misappropriation of public funds involving public officers. Investigations were being undertaken by the Zambia Police, the Drug Enforcement Commission and the Anti-Corruption Commission. It was expected that some cases would be prosecuted in the courts of law.

(h) The budgeting process had been improved with the implementation of the Medium Term Expenditure Framework (MTEF). The budgeting process was now more participatory and transparent, starting with the publication of the Green Paper in the media, allowing members of the Public and all concerned stakeholders to debated it. Parliament was now involved in the budgeting process at an early stage compared to the past when it was involved only at the approval stage. The release of resources from the Treasury has improved in terms of predictability and amounts, resulting in a number of projects being implemented countrywide.

(i) Performance improvement initiatives were being implemented initially at two levels, namely, individual public officer level and institutional level. At individual officer level, the system of utilising individual work plans with set targets had been introduced and officers were being assessed in terms of performance.

(j) Recruitment into positions in the Public Service was on merit, based on result-oriented job descriptions. Most jobs in the Public Service were now widely advertised, interviews were being conducted by qualified panels constituted by Service Commissions in order to promote transparency and competition. Promotion was based on merit and vacancies being available. At institutional level, capacity building had continued with the provision of relevant training, equipment and other logistics.

(k) A well articulated disciplinary code and procedure was in place and officers found wanting were disciplined. For instance, 204 officers had been dismissed, 24 officers suspended, 4 officers retired in the public interest by the Public Service Commission over the period of 2004 to 2007. Further, 45 disciplinary cases had been dealt with by the Teaching Service Commission, resulting in 31 dismissals, and the Police and Prisons Service Commission had dealt with 71 disciplinary cases over the same period, resulting in 63 dismissals.

(l) Work culture and mindset modeling programmes were being developed and implemented through the conduct of leadership performance improvement, customer care and change management courses. In addition, a team had been set up to develop a Code of Conduct and Ethics for public workers, which would guide public workers in carrying out Government responsibilities based on the concept of customer care, integrity, honest, professionalism and impartiality. The Code should be in place before the end of 2008.

(m) At national level, the Government had formulated and was implementing the Fifth National Development Plan (FNDP) and Vision 2030, which outlined the general direction on how the Government would conduct business in a focused manner to develop the country and improve service delivery.

(n) At institutional level, Ministries/Institutions had developed strategic plans with clearly defined mission, objectives and strategies as operational frameworks. The objectives and activities form the basis for the Activity Based Budgeting, which had taken root and on which funds were now being allocated in accordance with the priorities set out in the strategic plans and the FNDP.

(o) New systems had been put in place to enhance accountability and transparency in, among other things, the management of the Establishment and Control of the Payroll. For instance, the Payroll Management and Establishment Control System (PEMC), aimed at enhancing the cost effectiveness of managing the payroll and establishment, was in place. The system had led to the reduction in the payment of "ghost" workers and payment of other unauthorised allowances. The establishment (number of workers) now drives the payroll so that only those workers appointed to posts in the Establishment Register were placed on the payroll.

In addition, the Public Expenditure Management and Financial Accountability System (PEMFA), which included the integrated Financial Management Information System (IFMIS), was being implemented with the aim of institutionalising an effective and automated financial management system throughout the Public Service and promoting prudent financial management. The system linked policy, legal and budget process for resource mobilisation, allocation and utilisation. The system would also strengthen the capacity to manage both domestic and external debt as well as investment. The system is planned to go live in eight Ministries/institutions this June and, thereafter, rolled out to all public service institutions.

(p) The Government was streamlining and re-engineering work processes and procedures in Public Service institutions with priority being given to those institutions that interface with the public on daily basis. The objective was to, where possible, automate the processes and procedures in order to improve the timeliness and enhance transparency, accountability and the quality of service delivery. This had formed a firm foundation for developing Service Delivery Charters in the Ministry of Lands, the Department of Immigration and the Zambia Revenue Authority. These initiatives would be rolled out to other Ministries and institutions, such as Ministries of Tourism, Environment and Natural Resources and Mines and Minerals Development, and the Public Service Management Division.

Examples of the success of process re-engineering included the Ministry of Lands, where the period of registration of title had been reduced from seventy to thirty five days, PACRO, where registration of a company now took less than five days and the Passport Office, where processing of passports took twenty one days. Currently, there were passports awaiting collection.

The streamlining and re-engineering of work processes and procedures had also been implemented in other key institutions to create one stop shops. The creation of the Zambia Development Agency which was a merger of the Zambia Privatization Agency, the Zambia Investment Centre, the Export Board of Zambia, the Zambia Export Processing Zone Authority and the Small Entrepreneur Development Board, was one such One-Stop-Shop, which should ensure, among other things, client focus, dialogue with the private sector, creation of public sector support for business and streamline bureaucratic procedures and requirements faced by the investors and the general public.

Already, eleven Ministries and institutions had established websites to provide timely information to the public on, among other services, the acquisition of land and registration of companies aimed at improving the issuance of titles and registration of companies.

(q) The Government had introduced and was implementing a Service Delivery Improvement Fund (SDIF). The SDIF was supported by Cooperating Partners and was aimed at enhancing the quality of service delivery to the public by supporting the implementation of service improvement initiatives/projects, especially those which champion and sustain good practices and can be replicated in the public service.

(i) Among the projects supported by SDIF, which were not only about improving the quality of service delivery but also economically empowering local communities with skills for self sustenance, thereby reducing poverty through various projects and initiatives located around the country.

With regard to Record Keeping, your previous Committee's concerns were appreciated as the importance of record management in the provision of services to the members of the public was cardinal since it was upon records kept by Government institutions that most of the interface with the public was based. As rightly observed by your previous Committee, however, record keeping in most of the Government institutions had not been satisfactory. Government was, therefore, implementing measures to address this through the Record Management System and Policy Development Section of the Public Service Management Division. The measures included:

- developing a record Management policy to guide both users and practitioners;
- designing and installing upgraded record management systems;
- conducting regular Registry inspections in Public Service institutions aimed at identifying inadequacies and providing corrective interventions;
- providing In-Service training to Registry personnel in the Public Service to upgrade skills; and
- Sponsoring officers in courses in Record Management at the National Institute of Public Administration.

As a result of the above measures:-

(a) a draft Public Records Management Policy and a User Guide had been finalised and were in circulation for comments by Ministries and institutions;

(b) a registry cadre had been established, requiring that only personnel with record management qualifications should be deployed in registries in the Public Service Institutions;

(c) fourteen records management skills development workshops had been conducted in Public Service during the period 2006 – 2007 for registry supervisors, registry clerks and secretaries;

(d) records systems had been reviewed and standardised in three Ministries, namely, Finance and National Planning (Headquarters), Education and Works and Supply; and

(e) the National Institution of Public Administration was currently offering a six month certificate course in Record Management.

The above measures would be complimented by automation of the record management system through the e-government initiative, which would enhance storage and retrieval of records in the Public Service, thereby improving the quality of service delivery to the public. Needless to say, automation would be a pipedream unless adequate funding was available.

As regards, the issue of holding of workshops, the Government was of the view that workshops were necessary for the purpose of capacity building, reaching consensus and securing ownership, especially when it comes to introducing government-system wide interventions, which were characteristic of Public Service Reforms. The development of the Fifth National Development

Plan was one such example which involved country wide consultations. The Government, however, had noted your previous Committee's concern that workshops should have a positive impact on service delivery as public resources were involved. In this regard, the Secretary to the Cabinet issued a Circular on this matter in 2006 and the contents of this circular were being implemented. The implementation of the contents of this Circular had reduced the holding of workshops as only those workshops considered to be essential were approved.

In conclusion, the Government recognised the challenges faced in improving the quality of service delivery and was committed to implementing appropriate measures to address these challenges and continuously improve the quality of service delivery to the people. The reforms were not a one off event but rather a continuous process and, to succeed, there was need for sustained support and commitment from all concerned stakeholders, including Members of Parliament. The human resource, financial and logistical requirements were colossal. However, the Government would continue implementing the reform programmes and progress would certainly be made.

(e) Your previous Committee were still concerned that poor quality work by contractors contracted by the Government had continued despite the procedures that had been instituted. They attributed this to poor supervision and reiterated the need for Government engineers assigned to supervise projects to be disciplined where it was proved that failure to properly supervise projects had led to loss of public funds.

Your Committee were informed in the Action-Taken Report that efforts and measures to improve the performance of the contractors, especially the local contractors, were being put in place by the Road Development Agency. The Committee may recall that prior to 1991, about 90% of the road maintenance works were being carried out internally by public institutions. However, the Government thereafter introduced private sector experience in the road sector. There were very few experienced local road Contractors available at the time. The Government, through the Ministry of Works and Supply, realising the prevailing situation, started to conduct training at its Road Training School for emerging local contractors in road maintenance management and contract administration. In the past fifteen years or so, several local construction firms had sent their technical and non-technical personnel to the Road Training School (now National Council for Construction) for various courses in Road Maintenance Technology and Contract Management. The Government was fully satisfied that sufficient training had been received by a good number of the local contractors. The Government felt that one of the contributing factors to poor performance by the local contractors stemmed from lack of maintenance equipment. To this end, the Road Development Agency Tender Committee was only recommending for award of maintenance contracts to those firms that had at least basic maintenance equipment. The Road Development Agency was also placing emphasis on the experience and qualifications of the personnel of the construction firms.

The Government also informed your Committee that the road sector had been reformed, leading to the establishment of the Road Development Agency (RDA) which was responsible for the maintenance of all public roads. The organisational structure of the RDA allowed for positions of experienced engineers to be employed in the provinces. Unlike in the past, where there was only one engineer in each Province, there would now be four to five engineers in each Province. This would increase the capacity and quality of supervision in the road sector. In the past, supervision of maintenance projects was carried out by engineers from Lusaka who used to visit the Provinces. Provinces would now inspect and monitor on going works much more frequently. The Road Development Agency, being responsible for all the public roads, also prescribed design standards and specifications for the construction and maintenance of all the public roads; no other standards would be used except as approved by the RDA. Workshops had also been held for engineers from the provinces where contract management had been discussed. All engineers had been informed of the legal responsibilities in the cycles of contract management.

The Government was confident that the quality of works carried out by contractors would improve as the new measures highlighted above were implemented.

Recommendations: Your Committee note the submissions, but find them rather long-winded and imprecise. They stress that, in future, responses should be summarised and highlight practical actions taken in response to your Committee's recommendations as well as provide facts and figures as evidence of such actions. They also welcome the establishment of a baseline in relation to the performance of the public sector, particularly with regard to service delivery so that benchmarks can be set in all sectors of public life. They reiterate the need for all Government projects to be carried out by qualified persons and to be properly supervised so as to avert loss of scarce resources.

CONCLUSION

In conclusion, Sir, your Committee wish to thank you for the guidance rendered to them throughout their deliberations. They are indeed indebted to all the witnesses who made both oral and written submissions to them and all officers who facilitated their local tours. They also wish to place on record their sincere gratitude to the Parliament of Mauritius who graciously accepted to host your Committee during their study tour to that country. We also wish to thank all the officers in the various institutions that we visited in that country for making our tour such an invaluable learning experience. Finally, your Committee wish to thank the Office of the Clerk of the National Assembly for the unfailing advice and assistance rendered to your Committee in their operations during the Session.

G M Beene, MP October, 2008
CHAIRPERSON **LUSAKA**

/pz