



**Caritas**  
**Zambia**

Publish   
What You Pay  
Zambia

**Caritas Zambia and Publish What You Pay (PWYP)  
submission on  
Mines and mineral development Amendment bill N.A.B NO  
31 of 2022**

**TO THE  
JOINT COMMITTEE ON NATIONAL ECONOMY, TRADE AND  
LABOUR MATTERS COMMITTEE**

November 2022

## Who are we

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### 1) Caritas Zambia

Caritas Zambia was established in 1986 by the Zambia Conference of Catholic Bishops (ZCCB). Caritas Zambia is a faith-based development and social agency of the Catholic Church in Zambia whose overall vision is, "a Zambian society where every person attains integral human development".

The structure of Caritas is spread across the whole of Zambia with offices in all Provincial Headquarters and the National Office in Lusaka. The work of Caritas Zambia is based on the principles of Catholic Social Teaching and works to improve the dignity of the people, especially the poor

The structures of Caritas in Zambia permeate from the national level to parishes (communities), consistent with the structure of the Catholic Church. At the lower level are Parishes with their Out-stations and Small Christian Communities. Caritas Zambia has 4 programme

1. *Economic and Social Accountability Programme (ESAP):*
2. *Democracy and Governance Programme (DGP)*
3. *Livelihoods and Climate Change Adaptation Programme (LCCAP):*
4. *Conflict Transformation and Peace Building (CTPBP)*

Caritas Vision Statement "***A Zambian society where every person attains integral human development***"

Caritas Mission Statement "***Inspired by the Word of God and Catholic Social Teachings, Caritas Zambia, a department of the Zambia Conference of Catholic Bishops is dedicated to the promotion of integral human development through witnessing, animation, conscientization and institutional strengthening***"

### 2) Publish What You Pay (PWYP)-

"PWYP Zambia is a coalition of civil society organisations (CSOs) who are united in advocating to ensure that benefits from Zambia's natural resources translate into improved people's lives. With over 50 member organisations across all provinces, PWYP Zambia advocates for an open and accountable extractive sector"

The Publish What You Pay (PWYP) Zambia Chapter was launched in June 2009. The launch of the coalition was motivated by the fact that Zambia is a country that has naturally been endowed with a lot of natural resources; however, the extractive industry does not benefit the lives of most ordinary Zambians. It is a well-known fact that natural resource revenues are an important source of income for governments of over 50 developing countries, Zambia inclusive. When properly managed, these revenues should serve as a basis for poverty reduction, economic growth and development rather than exacerbating poverty, corruption, conflict and social divisiveness. Hence in order to contribute to the debate and enhance transparent, accountable and just management and distribution of natural resources in Zambia for poverty reduction, the PWYP Zambia was formed.

## Introduction

Zambia is a country rich in natural resources and has experienced significant economic growth in the last decade. Despite Government pledges to promote sustainable development, growth is not reaching the most vulnerable and extreme poverty persists in many regions of the country. The mining sector is one important tool or sector that can help in resolving this imbalance. It is an instrumental sector that can help us fight poverty and resolve our debt crisis, but only if fair taxes are imposed and the revenue managed well.

| Original  | Amendment  |
|---|--|
| <p>(2) The mineral royalty payable on industrial minerals shall be at six percent of the gross value of the minerals produced or recoverable under the licence.</p> | <p>Where the base metal produced or recoverable under the licence is copper, the mineral royalty payable shall be applied at an incremental value in each price range at the rate of</p> <p>a) our percent of the norm value when the norm price of copper is less than four thousand United States dollars per tonne;</p> <p>(b) six-point five percent of the norm value when the norm price of copper is four thousand United States dollars or higher per tonne but less than five thousand United States dollars per tonne</p> <p>(c) eight-point five percent of the norm value when the norm price of copper is five thousand United States dollars or higher per tonne but less than seven thousand United States dollars per tonne; and 5</p> <p>(d) ten percent of the norm value when the norm price of copper is seven thousand United States dollars or higher per tonne.</p> |

This adjustment is very good, commendable. It is progressive. What we want to see is the country benefiting as the price of copper increases the percentage tax also increases. We want to call this a windfall. This is what we want.

We, however, note that the deleted or substituted subsection 2 was applicable to all “industrial minerals”. Now that the change is very specific to copper, what happens to other minerals?

- Our understanding of industrial minerals is that “**Industrial resources (minerals)** are geological materials which are mined for their commercial value, which are not fuel (fuel minerals or [mineral fuels](#)) and are not sources of metals ([metallic](#) minerals) but are used in the industries based on their physical and/or chemical properties. They are used in their natural state or after [beneficiation](#) either as raw materials or as additives in a wide range of applications.”
- The Mines Art of 2015 defines them as “industrial minerals ” includes a rock or mineral other than gemstones, base metals, energy minerals or precious metals used in their natural state or after physical or chemical transformation, including barites, dolomite, feldspar, fluorspar, graphite, gypsum, ironstone when used as a fluxing agent, kyanite, limestone, phyllite, magnesite, mica, nitrate, phosphate, pyrophyllite, salt, sand, clay, talc, laterite, gravel, potash, potassium minerals, granite, marble, clay, silica, diatomite, kaolin, bentonite or quartz”

Caritas Zambia and PWYP Zambia see this is a huge challenge. Minerals are leaving the country without getting the full benefits, mainly because of the lack or limited diversification within the mining sector, at least as demonstrated by this proposed amendment. Not too long ago, in fact only a few weeks ago, we saw a mining company based on the Copperbelt boasting about the amount of emerald which it had found. We ask; how is this subsector captured within our taxation framework?

Similarly, limestone, marble and other minerals are being mined and for us we implore this honourable Committee to ask the front bench if government will propose another amendment to existing legislation to provide and guide how these minerals will be taxed. Honourable members, this matter should be addressed urgently before you proceed to recommend any approval. It is disheartening that on one hand Zambia is failing to generate adequate revenues from this sector while on the other, tons and tons of our precious minerals are being mined and exported, at very basic tax rate.

## Recommendations

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In view of the foregoing, we wish to make the following recommendations:

1. Stop patching up the Mines and Minerals development Act of 2015, and instead repeal the whole Act and update it. It has a lot of challenges, tomorrow is too late, because minerals are being mined and exported on a daily basis.
2. Government should take the mines sector very serious, for example, in the 2023 budget, the sector is allocated less than one percent when it contributes 17% to GDP and accounts for over 70% in export earnings.
3. They should slow down on their rushed decisions and should be strategic in their policy statements. We recommend that Government recalls the 2022 mineral resources development policy that was realised on 11<sup>th</sup> November, 2022 mainly because consultations were not exhaustive and does not reflect the aspiration of the citizens, particularly mine hosting communities including chiefs. Similarly, the Extractive Industries Transparency Initiative (EITI) is not even mentioned in the Policy. Honourable members, the EITI is a very important tool/process in ensuring transparency and accountability in the extractive sector. It deals with all these favouritism and abrogation of law without any regards.
4. Government should provide for equitable taxation of all minerals that are being mined in the country. Parliament should also further ask for an annual update on revenues being generated from the minerals being mined in the country – they should be disaggregated.
5. Government should consider the interests of communities and not the Multinational corporations (MNCs); merely reforming the law on tax does not work in the interest of the people.