



THE ECONOMICS ASSOCIATION OF ZAMBIA

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EAZ LAUDS FESTIVITY SPENDING CUT DIRECTIVE IN THE PUBLIC SECTOR, LAUNCH OF AUDIT COMMITTEE HANDBOOK, ADVISES STATE TO IMPLEMENT AUSTERITY AGGRESSIVELY

The Economics Association of Zambia has welcomed the directive by Secretary to the Cabinet Dr. Roland Msiska, instructing all Permanent Secretaries to halt all festivity spend using public resources. The Association believes that this aligns with austerity especially at a time when the Ministry of Finance has committed to prudent use of funds to maximise allocation to productive sectors of the economy.

The Association, is however aware of positive austerity measures that have been successfully implemented so far. These include, replacement of leave commutation with outright leave which has eased the financial burden of remunerating staff for excessive leave days. However, the EAZ wishes to advise the state to ensure supervisors in government ministries manage staff leave inventory, so as to better address 'presence versus productivity' for those with immense stock of leave days. Other notable measures, include eradication of personal to holder vehicle allocations which have been replaced by outright sale of vehicles to top government officials. This has resulting in huge cost savings on maintenance such as fuel and servicing fees.

The Honourable Minister of Finance in the 2018 mid-year fiscal performance review, committed to implementation of austerity which the Association highlights as critical to the credibility of the quarterly updates. EAZ, believes that the state still has immense opportunities to demonstrate fiscal prudence in areas ranging from travel cost management for top government officials (such as flying economy from business class) to ensuring that the public finance management bill is fully operationalised. The latter, the Association advises, can be achieved by demonstrating a full financial recovery process for those cited for misappropriation and misapplication of public resources. This will also require a speedy litigation process to ensure illegally acquired assets are traced and realised in the open market to aid recovery.

The Association recognises efforts, that the state has made this year to curb misuse by cracking the whip on over 80 accountants in the ministries of education and finance to mention but a few. Disciplinary stances in conjunction with professional bodies such as deregistering

these accountants with ZICA, also goes a long way in setting the disciplinary tone to ensure the highest tenets of accountability are maintained. The EAZ advises the government to target a zero misuse, misapplication and misappropriation environment.

In so doing, the public financial management system will earn the requisite confidence and will set the tone for fiscal discipline. The Association lauds the launch of the revised Audit Committee Handbook that should aid zero audit queries. This can only be attained if the guidelines are religiously followed. This should assist in improving the advent of repeat findings in annual public sector audit reviews.

The Association bemoans the accountability weaknesses in key ministries especially with regards to spend on non-productive areas as alluded by the Secretary to the Cabinet, which have reflected in the Auditor General's report year in and year out.

Successful implementation of austerity measures will breed confidence in the public finance management framework which will in turn allay some of the fears that investors, multilateral partners may have around budget and fiscal credibility. Prudent financial management of public resources aligns with the 7NDP, the medium term expenditure framework (MTEF) and ultimately the vision 2030.

The Association, at a micro- level also encourages citizens to spend wisely during this festive period leaving provision for January spend for parents on critical items of issue such as school fees.

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