

**BUSINESS REGULATORY REVIEW AGENCY**

**REGULATORY IMPACT ASSESSMENT ON FIRE SERVICES**

**JUNE, 2021**

**1.0 Introduction and Background**

The desire or aspiration to transform Zambia into a strong and dynamic middle-income industrial nation that provides economic opportunities entails creating a conducive business environment for investment. Good risk management frameworks and protection of property are important factors on business investment. Prevention of fire outbreaks is an important consideration at work places. Fire outbreaks can result in significant social impacts and financial loss.

The responsibility of providing fire services is constitutionally a mandate of Local Authorities (LAs). In view of the above, Local Authorities are expected to establish and equip Fire Stations to effectively manage risks associated to outbreak of fire and other rescue services.

This RIA report analyses the challenges businesses particularly, Micro, Small and Medium Enterprise (MSMEs) are experiencing regarding the current administration of the fire regulation by local authorities and identifies and evaluates various option that would be appropriate in addressing the problem.

**2.0 Problem Statement**

Data on the occurrence of fires has shown that the frequency and prevalence of the fires have increased over the recent past, rendering the communities and businesses even more vulnerable. In 2019, a total of 2133 fire incidents were reported and K78,430,183.00 was the estimated loss of damage of property (Ministry of Local Government Annual Report, 2019). The situation is worsened by inappropriate administration of fire safety regulations by local authorities, lack of awareness on fire safety by majority of the businesses and inadequate fire services in Zambia has been unsatisfactory. This scenario has resulted in the loss of both human life and property.

Fire safety has not been properly managed in spite of existence of regulations for prevention and control of fire outbreaks. This is evidenced by the growing cases of fire gutting markets, business buildings and private homes. This results in financial losses and property. The most recent case being the gutting of the City Market in Lusaka and Kapalala Market in Ndola. Investigations established that the cause of the fire at Kapalala Market was carelessness by one of the charcoal traders. Inadequate fire-fighting equipment and poor implementation of the law has failed to contain fire outbreaks.

Many businesses have contended that although local authorities are charged with responsibility of implementing fire regulations in their jurisdictions, they do not provide satisfactory fire services. MSMEs complain about the administration of fire regulations which they consider to be a tool for revenue generation for local authorities. This situation has increased the cost of doing business for small businesses. Small businesses such as market stalls are made to pay high fees averaging K600.00 for fire certificate.

Businesses do not understand the reason they are made to pay for a fire certificate as they do not offer any service to prevent and/or control fire outbreaks. During stakeholder engagement meetings in 2020, small businesses at Chifubu, Ndeke and Twapya Market lamented that despite being made to pay fire certificate fees, the local authorities do not check for necessary fire safety requirements such as fire extinguishers, conducting regular inspections for fire-fighting equipment, usable [fire exit](https://en.wikipedia.org/wiki/Fire_exit) and proper exit signage, and ensure business premises have proper storage and handling of flammable materials. Other submissions were that small businesses were unable to comply with requirements for issuance of a fire certificate.

Research evidence on industrialisation and the risk of fire, done by Abir and Coleman (2014) (2006), shows a correlation between fire and rescue incidents and levels of economic activity. Based on this evidence and other observed variations in the level of economic activities across regions in Zambia, fire hazards or outbreaks in the urban setting are more likely to occur in the Copperbelt and Lusaka regions, which are also the most urbanised and affluent.

Furthermore, inspection of designated trading places both at construction and operating stages for fire safety compliance has seldom been carried out. The result is increased risk of fire outbreaks and other rescue challenges, in addition to the declining preparedness and capacity to contain any such occurrence.

**2.1 Baseline**

Below is the graphical presentation showing annual fire incidents from 2017 to 2019. The graph shows that the fire incidents have been high and have been increasing steadily from 2017 to 2019. Therefore, there is need to intervene in order to avert the fire incidents.

**3.0 General Objectives**

To establish a fire safety framework that will contribute to the reduction of fire accidents by 50% in order to safe guard business property and facilitate growth of business entities by 2026.

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**3.1 Specific Objectives**

1. To increase fire safety awareness activities in order to reduce fire accidents in business premises by 90% annually.
2. To establish a fire and rescue framework that reduces fire regulation burden on businesses by 60% in order to safe guard business property and facilitate growth of business entities by 2026.
3. To establish an efficient and effective fire safety management mechanism in order to reduce fire accidents by 99% annually.
4. To increase fire safety services by 50% in order to effectively manage fire disasters by 2026.

**4.0 Options**

In this RIA, three options were considered as listed below;

1. **Do Nothing**
2. **Information, Education and Communication**
3. **Introduce one regulation for all council jurisdiction on fire safety**

**4.1 Do Nothing Options**

This entails maintaining the status quo. The responsibility to ensure fire safety rest with different Local Authorities across the country. Each council has its own fire bye-law. In this regard, fire regulation varies from one jurisdiction of a local authority to the other. The requirements for fire certification and fees are categorized based on the risks imposed by the businesses. The average cost of this certificate across all council jurisdictions for small businesses is K600.00 kwacha.TheCouncils are required to inspect the premises to compliance for fire regulation before issuance of a fire certificate. The fire regulation provides for existence of fire extinguisher/s and fire exists points before a certificate can be issued. Once the certificate is issued, the local authority is expected to conduct regular inspections for such items as usable [fire exit](https://en.wikipedia.org/wiki/Fire_exit) and proper exit signage and ensure business premises are have proper storage and handling of flammable materials. However, most Council Inspectors do not provide these services instead they only check if business have paid for fire certificate failure to which businesses are made to close down or made to pay penalties. This results in small businesses with limited capital to close down while exposing the surviving businesses to fire risks.

Further the local authorities are mandated to conduct awareness activities on fire safety in markets and other business premises in order to prevent fire outbreaks. However the awareness activities are not adequate as most small business owners do not appreciate the benefit of fire risk management.

If this situation is left unchecked most businesses will be suffocated and those surviving will be subjected to higher risks of losing property by fire outbreaks.

**4.2 Information, Education and Communication**

This option entails that local authorities undertake robust awareness activities on fire safety without promulgating regulation on fire safety. The Ministry of Local Government would be required to develop a general communication strategy on fire safety. The local authorities would conduct sensitization activities on fire safety on regular intervals. This would enhance self-awareness among businesses and make businesses appreciate the need and benefits of fire safety. However, sensitization alone gives responsibilities to individual business in complying with fire safety, in the cases where they decide not to conform to fire safety, outbreak of fire caused by one negligent business can result in loss of property of the neighbor who might be compliant to fire safety.

**4.3 Introduction of regulation on fire safety**

This option entails introducing a statutory instrument on fire regulations to cater for all local authorities in the country. The regulation would streamline categories and provide for cost effective management of fire safety. The average cost for fire certificate for small businesses will be reduced and categorized depending on the size and risks associated with fire. The regulation will also compel local authorities to conduct effective training and awareness activities.

**5.0 Comparisons of Costs and Benefits of options**

Quantitative analysis of options will be done using cost benefit analysis. Cost benefit analysis is used when analyzing options with cost parameters that can easily be monetarised.

**5.1 Do Nothing Option**

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| --- | --- | --- | --- |
| **No.** | **DESCRIPTION** | **COSTS** | **BENEFITS** |
| 1 | **Local Authorities** |  |  |
|  | Inspections | 16,850,764.60 | 16,673,676.00 |
|  | Sensitisation and training | 338,623.00 | 1,038,231.00 |
|  | Legal costs |  |  |
|  | Fire services | 3,121,799.61 | 0 |
| 2 | **Businesses** |  |  |
|  | Inspections | 16,673,676.00 |  |
|  | Sensitisation and training |  |  |
|  | Legal costs |  |  |
|  | Fire services |  |  |
|  | Fire Safety |  |  |
| 3 | **Consumers** |  |  |
|  | Security | 1,038,231.00 |  |
|  | **TOTAL** | 38,023, 094.21 | 20,833,706.61 |
|  | **TOTAL NET BENEFITS(Benefits - Costs)** | **-17,189,387.60** |  |

**5.2**

**Information, Education and Communication**

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| **No.** | **DESCRIPTION** | **COSTS** | **BENEFITS** |
| 1 | **Local Authorities** |  |  |
|  | Inspections | 452,698.00 | 2,023,994.00 |
|  | Sensitisation and training | 102,483.20 | 35,000.00 |
|  | Legal costs |  |  |
|  | Fire services | 4,501,856.40 | 2,500.00 |
| 2 | **Businesses** |  |  |
|  | Inspections | 2, 023,994.00 |  |
|  | Sensitisation and training | 35,000.00 |  |
|  | Legal costs |  |  |
|  | Fire services |  |  |
|  | Fire Safety |  |  |
| 3 | **Consumers** |  |  |
|  | Security |  |  |
|  | **TOTAL** | 7,116,031.60 | 6,563,350.40 |
|  | **TOTAL NET BENEFITS(Benefits - Costs)** | **-552,681.20** |  |

**5.3**

**Introduction of regulation on fire safety**

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| **No.** | **DESCRIPTION** | **COSTS** | **BENEFITS** |
| 1 | **Local Authorities** |  |  |
|  | Inspections | 716,546.00 | 6,509,421.00 |
|  | Sensitisation and training | 158,672.66 | 385,000.00 |
|  | Legal costs |  |  |
|  | Fire services | 6,000,000.00 | 00 |
| 2 | **Businesses** |  |  |
|  | Inspections | 6,509,421.00 |  |
|  | Sensitisation and training | 385,000.00 |  |
|  | Legal costs |  |  |
|  | Fire services |  | 6,000,000.00 |
|  | Fire Safety |  |  |
| 3 | **Consumers** |  |  |
|  | Security |  |  |
|  | **TOTAL** | 13,769,639.66 | 12,894,421.00 |
|  | **TOTAL NET BENEFITS(Benefits - Costs)** | -**875,218.66** |  |

**6.0 Stakeholder Consultation**

**7.0 Selection of the Best Option**

The Ministry of Local Government selected option three (03) (introducing regulation on fire safety) with --**875,218.66** as their preferred option even if it was not the option with the highest net benefits. The Ministry indicated the preferred option had benefits which could be quantified such as Billions of Kwacha worth investment saved through various fire prevention and protection equipment.