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FEDERAL REPUBLIC OF NIGERIA

Views of the Government of the Federation on the Report of the Presidential Commission on Parastatals

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**VIEWS OF THE GOVERNMENT OF THE FEDERATION
ON THE REPORT OF THE
PRESIDENTIAL COMMISSION ON PARASTATALS**

GOVERNMENT VIEWS ON THE REPORT OF THE PRESIDENTIAL COMMISSION ON PARASTATALS

On 1st May, 1981, the President of the Federal Republic of Nigeria appointed a Presidential Commission on Parastatals. The Commission, comprising Mr G. O. Onosode (Chairman), Alhaji M. T. Usman, Dr C. Kolade, Mr E. C. Adiele, Alhaji I. Koko and Mr E. D. Ibe (Secretary) was given the following terms of reference :—

“(i) examine the organisation, structure, management and job content of all public corporations and Federal Government—owned companies and other parastatals (excluding Universities) in relation to one another and the rest of the Public Service, and similar organisations within the private sector respectively ;

(ii) consider whether any of such public Corporations/Companies/Parastatals should be taken out of the present Unified Grading System and provide justification for such an exercise ;

(iii) recommend guidelines for fixing salary scales to be applicable to the different public Corporations/Companies/Parastatals, if any, which may be removed from the present Unified Grading System ;

(iv) consider the implications for the public services and the national economy of any recommendation that may be made pursuant to (ii) and (iii) above ; and

(v) enquire into and make recommendations on any other matters which in the opinion of the Commission appear to be relevant to the foregoing and therefore ought, in the public interest, to be enquired into”.

2. The Report of the Commission was submitted to Mr President on 29th October 1981. Government views and comments on the conclusions and recommendations of the Commission are set out below :—

Guiding Principles :

3. The Commission enunciated some guiding principles which subsequently influenced its conclusions and recommendations. (Chapter 1, paragraph 7)

Comment :

Government notes these guiding principles on which the Commission based its recommendations but has reservation on the assumption in paragraph 7 (i) in the sense that the failure to achieve a result-oriented Public Service in Nigeria may not be due not only to any inherent defects in the system as claimed by the Commission but also to societal problems in the environment within which our Public Service functions.

The Management of Parastatals :

4. The Commission recommends that :—

New policy directives governing the relationship which should exist between the Minister and the Parastatals under his supervision should be issued and widely publicised, and Government should insist on strict compliance by all concerned. (Chapter 2, paragraph 23 (i))

Comment :

Government accepts this recommendation.

5. The Commission recommends that :—

Each Board should be of such a size as to ensure that a quorum is readily formed, discussions within the Board room are effective, and there is adequate representation of essential interests and experiences. (Chapter 2, paragraph 23 (ii))

Comment :

Government notes this recommendation.

6. The Commission recommends that :—

The Board of Directors of all Parastatals should be made up of Executive and non-Executive Directors in a ratio which should not exceed 40 : 60. (Chapter 2, paragraph 23 (iii))

Comment :

Government notes this recommendation but feels that the inclusion of Executive Directors on the Board of Parastatals should be determined by the degree of its importance and the scope of the service which it renders to the nation and not by any fixed ratio of Executive to non-Executive Directors. This element of flexibility is necessary in order to base the requirement of any Parastatals for Executive Directors on its particular circumstances and the prevailing public policy at the material time.

7. The Commission recommends that :—

Executive Directors should comprise the Chief Executive and one or more of the Heads of Divisions/Departments of a Parastatals. Outsiders who are qualified should be eligible for appointment as Executive Directors. (Chapter 2, paragraph 23 (iv))

Comment :

Government notes this recommendation. For the avoidance of doubt any appointment to the post of an Executive Director, whether from within or from without the public service would require the prior consent and approval of Mr President in view of the fact that such a post entails responsibility for policy formulation and execution for key Departments or Divisions of a parastatals.

8. The Commission recommends that :—

In order to ensure continuity, effectiveness and stability in the Board of Directors of a Parastatal, the tenure of office of Directors should be staggered so that they do not all leave the Board at the same time. (Chapter 2, paragraph 23 (v))

Comment :

While Government appreciates the spirit behind this recommendation, it is important to realise that in matters of appointments to the Boards of Parastatals on Administration can bind its successor.

9. The Commission recommends that :—

Supervising Ministries should prepare detailed guidelines for the Chairman and Directors of the Boards, especially with regard to what constitutes "day-to-day" management. Copies of these guidelines should be made available to all Directors on their first appointment. (Chapter 2, paragraph 23 (vi))

Comment :

Government accepts this recommendation.

10. The Commission recommends that :—

Paragraph 7 (a) of the Federal Government's Sessional Paper No. 7 of 1964, which says, "The Board of a Public Corporation, being a policy-making organ, should be composed of men of suitable educational qualifications, ability, experience and integrity who need not primarily be selected on the basis of their political standing or affiliations", should be upheld and put into practice. (Chapter 2, paragraph 23 (vii))

Comment :

Government accepts this recommendation.

11. The Commission recommends that :—

A Chief Executive who feels that the Board of Directors has misdirected itself on a given policy issue, should be free, on giving due notice to the Board, to refer the matter to the Minister responsible for the Parastatal. (Chapter 2, paragraph 23 (viii))

Comment :

Government accepts this recommendation.

Relationship between Government and Parastatals :

12. The Commission recommends that :—

Government, through its accredited Minister, should retain final responsibility for the following in respect of Parastatals :

- (a) approval of bye-laws ;
- (b) approval of long-range plans, and all significant deviations from such plans ;
- (c) approval of capital and operating budgets for parastatals in Categories 'A', 'B', 'D', and 'E' (see Chapter 7) ;
- (d) approval of rates and scales of charges for services rendered to the public by the Parastatals ;
- (e) appointment and removal of the Chairman and members of the Boards ;
- (f) award of contracts whose financial value exceeds the level delegated to the Board ;
- (g) approval of appointment and removal of external auditors. (Chapter 3, paragraph 38 (i))

Comment :

Government accepts these recommendations subject to the following modifications.

(a) Paragraph 12 (b) : Government, through the Minister responsible for the Parastatal, would still retain the power to direct it to prepare accounts and set standards because the preparation of accounts cannot be divorced from financial accountability while the issue of standards as it relates to some Parastatals is a matter of national interest which may require government intervention.

(b) Paragraph 12 (c) : the Minister should approve the capital and operating budgets of Parastatals under his Ministry but henceforth his approval would be subject to clearance with the Minister of Finance and the Director of Budget and Special Adviser on Budget Affairs so as to ensure that all subventions to them are justifiable and their surplus income is properly invested or, if necessary, returned to the Treasury.

(c) Paragraph 12 (g) : Government notes this recommendation but it is equally aware of the provisions of Section 79 (2) of the 1979 Constitution of the Federal Republic of Nigeria.

13. The Commission recommends that :—

The Minister should continuously communicate with the Government appointees on the Boards to keep them abreast of Government policies affecting their Parastatals. (Chapter 3, paragraph 38 (ii))

Comment :

Government accepts this recommendation.

14. The Commission recommends that :—

Where it is considered necessary for Ministry officials to be members of Boards, such officials should be of sufficient seniority and experience to make meaningful contributions to the deliberations of the Boards. (Chapter 3, paragraph 38 (iii))

Comment :

Government accepts this recommendation but must emphasise that in selecting their representatives on the Boards of Parastatals Ministries should give greater weight to experience and competence rather than seniority.

15. The Commission recommends that :—

There should be established a Public Enterprises Committee in every Ministry with a supervisory responsibility for one or more Parastatals. The Committee should be made up of the Chief Executive of the Parastatals, with the Permanent Secretary of the Ministry as the Chairman. The decisions or recommendations of the Committee on any policy matter should be communicated to the Minister through the Permanent Secretary. (Chapter 3, paragraph 38 (iv))

Comment :

Government accepts this recommendation in principle and will selectively implement it in some Ministries on an experimental basis before deciding from the result obtained, whether it would be desirable to give the recommendation wider application.

16. The Commission recommends that :—

Government should carry out an upward review of the financial limits currently set for contracts which may be awarded by the Boards of parastatals. The Financial limits should not necessarily be the same for all Parastatals, but should vary in accordance with the needs of each Parastatal. (Chapter 3, paragraph 38 (v))

Comment :

Government in principle accepts this recommendation.

17. The Commission recommends that :—

Where the views of a Parastatal conflict with those of a Ministry, and the Minister is unable to resolve the conflict, he should, in advising the President, present both views in order to give a complete picture to the President-in-Council. (Chapter 3, paragraph 38 (vii))

Comment :

Government notes this recommendation which in general, is in conformity with the existing practice.

18. The Commission recommends that :—

Authority should be given to the Boards of Parastatals over the manner of disposal of surplus funds as well as extension of activities to cover :

(a) *Loans or advances* : Parastatals should be encouraged to adopt up-to-date principles and practices of financial management. If they do this, they should be able to secure loans on terms which Banks and similar institutions consider acceptable. Only those loans requiring a guarantee from Government need then come up to it for approval.

(b) *Capital development projects* : We are recommending, elsewhere in our report, that the present financial limits of the Board in respect of the award of contracts should be reviewed upwards.

(c) *Land and building* : This, in our opinion is an area of Board responsibility.

(d) *Publicity agents* : We consider this an item which the Board can conveniently delegate to the Chief Executive and his staff. (Chapter 3, paragraph 28 (c-f))

Comment :

Government notes these recommendations but would prefer to reserve its comment on them sending the outcome of a study which it has commissioned on the restructuring of the funding of Parastatals.

Organisational Structure of Parastatals :

19. The Commission recommends that :—

Government should give specific directives to Boards of Parastatals :

(a) To review their present organisational structures with a view to ensuring that they conform with the general principles of good management, with reference, especially to the following :

(i) The duties and responsibilities of each position in the organisational structure should be clearly spelt out and levels of responsibility well-defined ;

(ii) The span of control of the Chief Executive and other Heads of Department/Divisions in a Parastatal should not be too wide (a maximum of seven officers reporting to one supervisor is considered to be the uppermost limit for effective organisational control), or too narrow (1 on 1) ;

(iii) There should be sufficient delegation of responsibility and the corresponding authority to ensure efficient performance and good staff discipline. (Chapter 4, paragraph 45 (a))

Comment :

Government accepts these recommendations in principle provided that however, in the case of the delegation of responsibility in paragraph 19 (a) (iii) such delegation does not mean the abdication of responsibility on the part of the superior officer, and consequently, Parastatals should device appropriate checks so that the delegated powers are judiciously exercised and monitored to facilitate any detection and rectification of the abuses in good time.

20. The Commission recommends that :—

Government should give specific directives to Boards of Parastatals to correct the over-staffing which is now prevalent in Parastatals as a matter of urgency. (Chapter 4 paragraph

45 (b). It suggests that this problem be tackled by the adoption of one or more of the following strategies. (Chapter 4, paragraph 44 (a-d)) :—

- (a) Out-right weeding of indolent personnel ;
- (b) Placing a temporary freeze on recruitment ;
- (c) Re-training and re-development of excess staff to other areas of the economy ;
- (d) Review of working hours to make them more appropriate to the nature of activities of the organisation.

Comment :

Government agrees with the Commission that there is over-staffing in Parastatals but observes that this phenomenon is predominant mainly in the lower cadres of the Public Service. It accepts in principle the strategies recommended for solving the problem of over-staffing in Parastatals as in 20 (a) and (c).

Delegation of Authority and Decentralisation

21. The Commission recommends that :—

Parastatals should ensure that sufficient responsibilities and authority are delegated at all levels of management for efficiency and effectiveness and for staff discipline. (Chapter 5, paragraph 57 (i))

Comment :

Government accepts this recommendation subject to its reservations on the Commission's recommendations under paragraph 19 above.

22. The Commission recommends that :—

State Committees should be set up by Parastatals such as NEPA, NTA, FRCN and P & T to give room for local participation in the management of their local branches. (Chapter 5, paragraph 57 (ii))

Comment :

Government accepts this recommendation in view of the fact that the establishment of a local branch of any Federal agency raises the expectations of the people of that area in terms of the capacity of the agency to provide them with more efficient service.

23. The Commission recommends that :—

Accordingly, the Acts establishing Federal Parastatals whose services are directly utilised within the States (such as NEPA) should be amended to provide for State Committees for policy making and the monitoring of performance at that level. The entire members should be appointed by the Minister concerned from within the State concerned. The head of the Parastatal's establishment in that State should be a member of the Committee, which should have sufficient powers to run the affairs of the Parastatal at the State level within approved budgets without reference to the Federal Headquarters. (Chapter 5, paragraph 57 (iii))

Comment :

Government accepts this recommendation.

24. The Commission recommends that :—

That State Committee of all Parastatals should have the power to hire and fire employees on grade levels 01 to 04, and should give preference in recruitment at these levels to manpower available within the Parastatal's natural catchment area. (Chapter 5, paragraph 57 (iv))

Comment :

Government accepts this recommendation.

The Unified Grading and Salary System :

25. The Commission recommends that :—

(a) Unified Grading System should be separated and distinguished from the Unified Salary System (Chapter 6, paragraph 76 (i))

(b) Jobs in the different Parastatals should be re-evaluated in detail on a regular basis, to ensure that the right grade is maintained for each job. This should be undertaken, as a matter of urgency, without publicity by each Parastatal, with the help if need be of personnel consultants : (Chapter 6, paragraph 76 (iii))

(c) After establishing the correct grades of its' jobs, each organisation with an "autonomous employer status" should determine the pay or price for the job in accordance with factors relevant to its operations, subject to the provisions made in Chapter 1 of the Report on the position of Chief Executives and the role of Boards of Directors of Parastatals. (Chapter 6, paragraph 76 (iv))

(i) Government accepts the recommendation in (a) and (b) above.

(ii) Government accepts recommendation in (c) above with the proviso that government will work out the upper ceiling for each parastatal together with intermediate bench marks bearing in mind the guidelines in pages 86 to 90 of the report.

26. The Commission recommends that :—

The 17-grade level structure should continue to apply to the Public Service to the extent indicated in the classification of Parastatals in this report. (Chapter 6, paragraph 76 (ii))

Comment :

Government does not accept this recommendation in view of the comments in paragraph 25 above.

27. The Commission recommends that :—

Salaries within the Unified Grading and Salary System should be reviewed in accordance with the recommendations in Chapter 8 of the Report. (Chapter 6, paragraph 76 (v))

Comment :

Government does not accepts this recommendation.

28. The Commission recommends that :—

In place of the existing Pay Research Unit, a Compensation Review Unit should be established as an autonomous body, headed by a public officer of Permanent Secretary status, and recommending annually to the Vice-President, reviews of pay allowances and other fringe benefits for the Unified Grading and Salary System. (Chapter 6, paragraph 76 (vi))

Comment :

Government notes this recommendation.

Classification of Parastatals :

29. The Commission recommends :

For adoption by Government, the following classification of Parastatals which follows, with the degree of autonomy prescribed for each category, as it recognises existing realities while providing motivation for attaining excellence (Chapter 7, paragraph 86))

Category 'A' :

Essentially regulatory, social, economic, cultural, political or educational (other than research institutes, post-secondary institutions or learning and Teaching Hospitals) and dependent on Government funding : (*see* list on pages 175-176 of the Commission's Report). Remains within the Unified Grading and Salary System with Annual Budgets being subject to approval by Government, but retains the *freedom to hire and fire*.

Category 'B' :

Research Institutes, Teaching Hospitals, Universities and other Post-Secondary Institutions of learning awarding degrees and diplomas, and dependent on Government funding (*see* list on pages 177-178 of the Commission's Report).

Autonomous employer status within the Unified Grading (but *not* Salary) System with Annual Budgets being subject to approval by Government.

Category 'C' :

Essentially regulatory, social economic, political, cultural or educational (other than research institutes, post-secondary institutions of learning awarding degrees and diplomas and Teaching Hospitals) and independent of Government funding. (*see* page 179 of the Commission's Report).

Autonomous employer status within the Unified Grading (but *not* Salary) System with Annual Budget *not* being subject to approval by Government.

Category 'D' :

Quasi-Commercial (including broadcasting) and dependent on Government Funding (*see* list on page 180 of the Commission's Report).

Autonomous employer status within the Unified Grading (but *not* Salary) System with Annual Budgets being subject to approval by Government.

Category 'E' :

Essentially commercial or industrial but dependent on Government funding (*see* pages 181-182 of the Commission's Report).

Autonomous employer status within the Unified Grading (but *not* Salary) System with Annual Budgets being subject to approval by Government.

Category 'F' :

Commercial or Industrial wholly owned by Government and independent of Government fundings (*see* page 183 of the Commission's Report).

Autonomous employer status within the Unified Grading (but *not* Salary) System with Annual Budgets *not* being subject to approval by Government.

Category 'G' :

Commercial or Industrial with Government controlling interest independent of Government funding, and never operated within the Unified Grading and Salary System. (see pages 184-185) of the Commission's Report).

Autonomous employer status *outside* the Unified Grading and Salary System with Annual Budgets *not* being subject to approval by Government.

Comment :

Government accepts this recommendation for purposes of budgetary control but the classification of parastatals will be re-examined by a Committee to be appointed by the President with a view to reducing the parastatals into five categories.

Guidelines for the Determination of Salaries in Parastatals :

30. The Commission recommends that :—

The Salary of the Chief Executive of Parastatal should be fixed by the President of the Federal Republic of Nigeria, and reviewed from time to time in the light of the incumbent's performance and the prevailing economic situation. (Chapter 8, paragraph 111 (i))

Comment :

Government accepts this recommendation on the understanding that Mr President would determine not only the salary of the Chief Executive of a Parastatal but also the salaries of Executive Directors so long as the Parastatal remains dependent on subventions or, for reasons of public policy, must remain a state monopoly.

31. The Commission recommends that :—

The President should set up a body to be known as the Top Salaries Advisory Panel (TOSAP) to advise him biennially on the ranges of salaries to be paid to the Chief Executives of Parastatals in categories 'B' to 'F' (Chapter 8, paragraph 111 (ii))

Comment :

Government accepts this recommendation.

32. The Commission recommends that :—

The Top Salary Advisory Panel should be composed of persons who are knowledgeable and experienced in management, at Chief Executive level of private and/or public sector organisations as detailed in paragraph 92 of the Report. (Chapter 8, paragraph 111 (iii))

Comment :

Government accepts this recommendation but the composition of TOSAP would be made up of nine members to be appointed by the President as follows :

- (a) Chairman
- (b) Three representatives from the Civil Service
- (c) Two representatives from the Private Sector
- (d) Three representatives from the Parastatals.

33. The Commission recommends that :—

The tenure of office of members of the Panel should be as specified in paragraphs 95 to 98 of this chapter. (Chapter 8, paragraph 111 (iv))

Comment :

Government accepts in principle the need for continuity in the membership of TOSAP through the staggering of the tenure of office of its members but reserves the right to determine the appropriate length of tenure.

34. The Commission recommends that :—

The Top Salaries Panel in recommending the salary of the Chief Executive and Boards of Directors in fixing pay of employees below that level, should use the guidelines suggested in paragraph 99 herein (see paragraph 99 of the Commission's Report). (Chapter 8, paragraph 111 (v))

Comment :

Government accepts this recommendation.

35. The Commission recommends that :—

Salaries of employees of Parastatals in Category 'A' should be as applicable within the Unified Grading and Salary System. (Chapter 8, paragraph 111 (vi))

Comment :

Government accepts this recommendation.

36. The Commission recommends that :—

Parastatals in Category 'C' should continue, as they have always done, to determine the salaries of their employees outside the Unified Grading and Salary System. (Chapter 8, paragraph 111 (vii))

Comment :

Government accepts this recommendation without prejudice to Government's right to impose salary ceiling in future consistent with government incomes policy guidelines.

37. The Commission recommends that :—

The salary level of the Chief Executive should be the uppermost limit of established salaries in any Parastatal (except for some aircraft pilots) and the salaries of other levels of employees below him should be derived from there and worked out by the Board of Directors. (Chapter 8, paragraph 111 (viii))

Comment :

Government accepts this recommendation in principle without prejudice to exceptional cases similar to aircraft pilots which has to be approved by the Government.

38. The Commission recommends that :—

The salaries of Chief Executive of Parastatals in Categories 'B' to 'F' (except in the case of Central Bank of Nigeria) should, for the time being, be fixed in the range of ₦15,000 to ₦25,000

per annum, and the differential between the salary of the Chief Executive and the next level of top management should normally not be lower than 5 per cent nor higher than 15 per cent. (Chapter 8, paragraph 111 (ix))

Comment :

Government accepts this recommendation but is of the view that a range of ₦12,000 to ₦20,000 is in the present economic circumstances of the country adequate. A special Committee will be set up as already indicated elsewhere in this White Paper to determine the ceiling for each parastatal in each category.

39. The Commission recommends that :—

The salaries of the Governor and Deputy Governor of the Central Bank of Nigeria, which should continue to be determined outside the Unified Grading and Salary System, should for the time being, be fixed in the range of ₦25,000 to ₦28,000 per annum. The differential between the pay of the Deputy Governor and that of the next lower level of Management should normally be 15 per cent. (Chapter 8, paragraph 111 (x))

Comment :

Government does not accept the recommendation that the differential between the pay of the Deputy Governor and that of the next lower level of management should normally be 15 per cent in view of the fact that the posts of Governor, Deputy Governor and Executive Directors are political appointments whose salaries are unrelated to normal management remuneration pattern. Government has decided instead that the three posts should attract the following salaries :—

- (a) Governor—₦25,000 per annum
- (b) Deputy Governor—₦22,000 per annum
- (c) Executive Directors—₦20,000 per annum

40. The Commission recommends that :—

The pay of pilots of Nigeria Airways Limited should continue to be fixed by reference to prevailing international rates, taking due account of local conditions. (Chapter 8, paragraph 111 (xi))

Comment :

Government accepts in principle this recommendation provided that the prevailing international rates for determining the rates of pay and fringe benefits for Nigerian pilots are the rates prevailing in countries at the comparable level of economic development as Nigeria.

41. The Commission recommends that :—

Jobs within the Unified Grading and Salary System should be re-priced, and GL. 17 posts within the System should be on a three—step salary scale of ₦15,000 : ₦16,000 and ₦18,000. The salaries of the Head of the Civil Service of the Federation and similar Government posts above GL. 17 should undergo a corresponding review. (Chapter 8, paragraph 111 (xii))

Comment :

Government does not accept this recommendation because it is outside the terms of reference of the Commission. However, Government is in the process of consultation with the State Governments with a view to reviewing the Unified Grading Salary System.

The Financial Management of Parastatals :

42. The Commission recommends that :—

The principle of cost recovery cost minimisation or profitability should be enforced as appropriate to all Parastatals, and desirable rates of return on total capital employed should be prescribed by Government. (Chapter 9, paragraph 146 (i))

Comment :

Government accepts this recommendation and directs all supervising Ministries in consultation with the Parastatals concerned, the Ministry of Finance Incorporated and the Budget Department to work out strategies for realising these objectives.

43. The Commission recommends that :—

Government should provide an adequate financial base for Parastatals to enable them to operate optimally and to minimise the frequency with which they call on Government for funds. (Chapter 9, paragraph 146 (ii))

Comment :

Government accepts this recommendation. Consultants have infact already been appointed to examine and make recommendations on the restructuring of the capital base of parastatals.

44. The Commission recommends that :—

Urgent action should be taken to reduce the excessive labour in some Parastatals, and the financial resources now being spent in keeping it under-employed should be utilised in establishing additional productive enterprises where such labour can be more gainfully employed. (Chapter 9, paragraph 146 (iii))

Comment :

Government accepts this recommendation.

45. The Commission recommends that :—

Loans given out to Parastatals by Government should have specific terms either of repayment or servicing attached to them, and where appropriate, should be converted to equity. Where the loans are employed to meet recurrent expenditure, they should be written off. (Chapter 9, paragraph 146 (iv))

Comment :

Government accepts this recommendation in principle, including the conversion of such loans into equity as this will improve the financial gearing of Parastatals. It feels however, that the financial problems of each Parastatal should be considered on their own merits.

46. The Commission recommends that :—

Commercially-oriented Parastatals, which are able to subject themselves to the discipline of the capital market, should be encouraged to borrow money on their own, or issue bonds, provided that where Government is the sole owner, it should provide adequate equity investment to allow the enterprise to approach the capital market. (Chapter 9, paragraph 146 (v))

Comment :

Government accepts this recommendation in principle.

47. The Commission recommends that :—

The extent of commercially unviable operations required of a Parastatal by Government should be taken into account in prescribing the financial returns it is expected to achieve. (Chapter 9, paragraph 146 (vi))

Comment :

Government accepts this recommendation.

48. The Commission recommends that :—

Government should make a nominal charge for loan guarantees which it gives to commercially-oriented Parastatals to enable them to plan properly before asking for such guarantees. (Chapter 9, paragraph 146 (vii))

Comment :

Government accepts this recommendation.

49. The Commission recommends that :—

Commercially oriented Parastatals should be made less dependant on direct funding through budget appropriations but induced to finance their operations and expansion programmes from profits generated by them and ploughed back the business. (Chapter 9, paragraph 146 (viii))

Comment :

Government accepts this recommendation.

50. The Commission recommends that :—

Government as a sole or majority shareholder, should normally channel its funds to the Parastatals through the existing development banks such as N.I.D.B. or N.B.C.I. or should consider creating special funds in the commercial and merchant banks to enable the banks to invest more massively in the Parastatals and to enable them to subject submissions by Parastatals to normal commercial scrutiny before funds are disbursed to them. (Chapter 9, paragraph 146 (ix))

Comment :

Government notes this recommendation but has decided instead to strengthen existing arrangements for funding Parastatals so that its loans to them are based as far as possible on commercial rate of interest.

51. The Commission recommends that :—

Performance targets, financial and quantitative, should be agreed between Government and the Boards of the parastatals, and the sanction for failure to achieve targets should be indicated. Persistent failure to achieve agreed targets other than for reasons beyond Management's control should result in change of management at the level where responsibility for the failure is adjudged to have occurred. (Chapter 9, paragraph 146 (x))

Comment :

Government accepts this recommendation.

52. The Commission recommends that :—

To engender a greater degree of financial responsibility, all Parastatals should render, annually, up-to-date audited accounts within six months of the end of their financial year. As a further control, the Management of essentially commercial parastatals should render unaudited half-year reports and accounts including balance-sheets to their Boards and publish their annual accounts in the national news-papers. (Chapter 9, paragraph 146 (xi))

Comment :

Government accepts this recommendation.

53. The Commission recommends that :—

The functions of the Ministry of Finance Incorporated (MOFI) should be expanded to include the issue annually be it of a consolidated Report on all Parastatals essentially on the basis of the Annual Reports including audited accounts produced by the Parastatals. A suitable firm of consultants should be engaged by the Government to help re-organised MOFI and to assist it in producing the first of such annual Reports which should be made available to all Ministries, Parastatals and all the other arms of Government concerned with any aspect of the operations of any Parastatals. (Chapter 9, paragraph 146 (xii))
qualitative targets for the next two-year period, (Chapter 9, paragraph 146 (xiii))

Comment :

Government notes this recommendation but is of the stand that in view of the heavy capital injected into "Economic Parastatals, it is extremely essential that an effective body should be set up to monitor the management and financial aspects of their operations ; the same body should perform similar functions in respect of those companies in which Government has substantial financial interest. As at the moment the effective monitoring of these Parastatals is not being performed by MOFI because this organisation as an appendage of the Treasury Department of the Ministry of Finance, is quite incapable of fulfilling this role. Government will therefore engage consultants to look into the mechanics of setting up a new umbrella organisation detached from the Treasury Department which will effectively act as a watch-dog over Government investments in "economic" Parastatals and companies in view of the fact that Government outlay in them now exceeds ₦8 billion.

54. The Commission recommends that :—

Within the next 12 to 18 months task forces should be set up for each Parastatal with representation from the Parastatal, Government and their consultants, to establish the precise nature of the capital structure necessary to achieve financial clout and to set financial and qualitative targets for the next two-year period. (Chapter 9, paragraph 146 (xiii))

Comment :

Government notes this recommendation. Action is already being taken in that connection.

55. The Commission recommends that :—

Within the next 12 months, all Parastatals should bring their audited accounts up to date. (Chapter 9, paragraph (xiv))

Comment :

Government accepts this recommendation.

56. The Commission recommends that :—

Parastatals should be encouraged to practise management techniques such as Zero Budgeting, Management by objectives, Programmes and Performance Budgeting and to pay serious attention to Cash-Flow Management. (Chapter 9, paragraph 146 (xv))

Comment :

Government notes this recommendation but feels that individual Parastatals should be left to adopt whatever management techniques they deem necessary to realise any targets that might be set for them.

Special Issues :

57. The Commission recommends that :—

The uniqueness of the Central Bank of Nigeria having been recognised by the Constitution of the Federal Republic of Nigeria 1979 with respect to its Governor, and therefore making it different from any other Banking Institution, the employees of the Bank should continue to be banned by Law from joining any trade union or embarking on any strike action. (Chapter 10, paragraph 194 (i))

Comment :

Government accepts this recommendation.

58. The Commission recommends that :—

Section 3 (subsection (ii) of the Central Bank of Nigeria (Amendment) Act No. 3 of 1968 should be amended to read "shall submit his representation and that of the Central Bank of Nigeria unabridged" to the President. (Chapter 10, paragraph 194 (ii))

Comment :

Government notes this recommendation but as this in line with existing practice there is no need for any amendment.

59. The Commission recommends that :—

All State branches of the Central Bank of Nigeria should be vested with sufficient powers to enable them to approve, within reasonable limits, foreign exchange transactions, and be properly equipped to meet the day to day requirements of the State Governments, except for those transactions in respect of which the Federal Ministry of Finance has not delegated responsibility to the Central Bank of Nigeria. (Chapter 10, paragraph 194 (iii))

Comment :

Government accepts this recommendation on the understanding that clearly defined guidelines would be given to State branches of the Central Bank of Nigeria regarding foreign exchange rules and regulations as duly recognised by the Commission in paragraph 152 (page 135) of its Report.

60. The Commission recommends that :—

NEPA should concentrate on generation and transmission of electricity, while the distribution, maintenance (except for the transmission lines forming the National Grid) and sales

of electricity should be farmed out to reputable electric companies of proven executive capacity, in order to assist NEPA to improve its services throughout the country, and ensure regular supply of electricity, free from constant power failures. (Chapter 10, paragraph 194 (iv))

Comment :

Government notes this recommendation but holds the view that a further study is necessary to determine the merits and demerits of farming out the distribution of power to reputable companies.

61. The Commission recommends that :—

It is no longer appropriate to establish the “National Steel Council” envisaged by Decree No. 60 of 1979, which should accordingly, be repealed. (Chapter 10, paragraph 194 (v))

Comment :

Government notes this recommendation but is of the view that whether the Act is repealed or not, there is need to ensure that private sector interests, particularly consumer of steel products are brought together with steel producing companies to form the Steel Council. Such a Council is essential even though it is assigned only consultative and advisory roles.

62. The Commission recommends that :—

The Exploration and Metallurgical Test and Research Divisions (now wrongly called “National Steel Council”) should be incorporated as a single company, like the existing five companies of the Steel Development Department, and be called “Exploration and Metallurgical Test and Research Company Limited”, as a service organisation to all the five steel industrial companies. (Chapter 10, paragraph 194 (vi))

Comment :

Government accepts this recommendation in principle.

63. The Commission recommends that :—

In view of the vital and central role played by radio and television as media of mass communication with simultaneous and effective impact on the entire nation, the Federal Radio Corporation (FRCN) and the Nigerian Television Authority (NTA) should be sufficiently funded to carry out their central role of promoting the unity, culture and development of the country. (Chapter 10, paragraph 194 (vii))

Comment :

Government notes this recommendation.

64. The Commission recommends that :—

In order to enable the FRCN to generate some revenue from its activities, thus reducing its total dependance on Government funding, the FRCN Act should be amended to enable it to broadcast commercial advertisements like NTA. (Chapter 10, paragraph 194 (viii))

Comment :

Government accepts this recommendation :

65. The Commission recommends that :—

In both FRCN and NTA, talent and quality of performance should be given due prominence in determining compensation, and a talented announcer or producer should not have to move out

of his professional line to reach the top salary scale commensurate with his value within the organisation. (Chapter 10, paragraph 194 (ix))

Comment :

Government accepts this recommendation.

66. The Commission recommends that :—

Staff of University Teaching Hospitals and Research Institutes should enjoy essentially the same conditions of service as those applicable to University Staff. (Chapter 10, paragraph 194 (x))

Comment :

Government does not accept this recommendation in view of the decision in paragraph 38 above.

67. The Commission recommends that :—

While it fully agrees that the Dean of the Medical School (who is an employee of the University associated with Teaching Hospital) should continue to be a member of the Board of Directors of the Teaching Hospital, the post of the Chief Executive should be filled by only a full-time employee of the Hospital, who is best suited for it in consideration of his management and competence. (Chapter 10, paragraph 194 (xi))

Comment :

Government accepts this recommendation in respect of which action is already being taken.

68. The Commission recommends that :—

The Federal Government should give active consideration to making some of the shares of the New Nigerian Newspapers Limited available for minority private sector participation, so as to put it on the same footing as the Daily Times of Nigeria Limited. (Chapter 10, paragraph 194 (xii))

Comment :

Government notes this recommendation.

69. The Commission recommends that :—

The original intention as contained in the draft Decree by the former Federal Military Government, to create two autonomous bodies (Telecommunication and Postal Services) out of the present Department, should be carried out as soon as possible by the passing of the appropriate bill by the National Assembly. (Chapter 10, paragraph 194 (xiii))

Comment :

Government notes this recommendation but observes that action in this direction is already in progress.

70. The Commission recommends that :—

An increased role by the private sector should be considered especially in those Parastatals where security and other sensitive aspects of public policy are not as paramount as the satisfactory delivery of service to the people. (Chapter 10, paragraph 194 (xiv))

Comment :

Government accepts this recommendation.

71. The Commission recommends that :—

Government should :—

(a) inject private sector participation in the equity of Nigerian Airways to the tune of, say 40 per cent ; and or

(b) issue licences to indigenous airlines to operate scheduled services, in order to bring relief to the Nigerian Public. (Chapter 10, paragraph 194 (xv))

Comment :

Government notes this recommendation which is line with the policy of the present administration. A feasibility study has already been Commissioned on the subject.

72. The Commission recommends that :—

In view of the fact that the number of Federal Parastatals has grown to over 200, there is a real risk of available management capacity being over-extended. It is, therefore, in the interest of the economy and efficiency to hold, or preferably roll back, the frontiers of Government in this direction. (Chapter 10, paragraph 194 (xvi))

Comment :

Government accepts this recommendation in principle.

73. The Commission recommends that :—

Parastatals in Categories 'B' to 'F' should adopt either a contributory pension scheme or some other superannuation arrangements which are compatible with the compensation system in each parastatals, while ensuring that no employee loses any benefits which he has acquired within existing arrangements for retering benefits under the Unified Grading and Salary System. To achieve this, liaison should be established with the Pensions Division of the Office of the Head of the Civil Service of the Federation. (Chapter 11, paragraph 201 (i)).

Comment :

Government accepts this recommendation.

74. The Commission recommends that :—

Managements of Parastatals should negotiate with staff associations the appropriate fringe benefits relevant to their operations. (Chapter 11, paragraph 201 (ii))

Comment :

Government accepts this recommendation in principle in respect of Parastatals outside the Unified Salary System but subject to the approval of fringe benefits by the Minister charged with responsibility for employment labour and productivity.

75. The Commission recommends that :—

The attention of Boards of Directors should be drawn to the necessity of ensuring that disciplinary procedures, which should be made less tortuous, are clearly set out and firmly applied, and that only those employees who contribute their proper quota to the achievement of the Parastatal enjoy any assurance of security of tenure. (Chapter 11, paragraph 201 (iii))

Comment :

Government accepts this recommendation provided that the disciplinary procedures are cleared with the Minister responsible for each Parastatal.

76. Effective date, 1st February, 1982.