

# **LAGOS CHAMBER OF COMMERCE AND INDUSTRY**

## **LCCI KICKS AGAINST THE NIGERIA POSTAL COMMISSION BILL 2018**

The Lagos Chamber of Commerce and Industry [LCCI] wishes to express its deep reservations over the Nigeria Postal Commission Bill currently before the National Assembly. We submit that the bill is inimical to private sector investments in the Courier business; it is a negation of the Ease of Doing Business Agenda of the Federal Government and not in consonance with the fundamental principles of the Economic Recovery and Growth Plan [ERGP]. Regrettably, the bill has been passed by the Senate, awaiting concurrence by the House of Representatives. We appeal that the progression of the bill be halted and the hurtful provisions expunged.

The LCCI is worried, in particular, about the following provisions in the bill:

- i. Imposition of an annual levy of 2.5% of the turnover of courier companies to be paid to the proposed Postal Services commission;
- ii. Powers conferred on the proposed Postal Services Commission to fix rates for courier services;
- iii. Monopoly privilege conferred on the Nigerian Postal Service for delivery of items weighing 1kg and below.

All these provisions are not consistent with the espoused commitment of the National Assembly to private sector development which was affirmed by the Senate President, Dr Bukola Saraki, at the inauguration of the National Assembly Business Environment Roundtable [NASSBER] in March 2016. No sector of the Nigerian economy is subjected to such an arduous regulatory provision. We request that the

bill be urgently reviewed by the National Assembly in the interest of economic progress and the welfare of citizens.

The passage of the bill in its current form will put over 100,000 jobs in the courier sector at risk. It will as well put over N300 billion investments in courier services business in jeopardy. This would further worsen the country risk rating of Nigeria. The country is already grappling with enormous perception problems by investors. Overregulation of any sector of the economy, will not serve the best interest of the Nigerian economy and would undermine the capacity of investors to create jobs. Specific areas of concern on the bill as follows:

**Requirement for Licensees [ mainly courier companies] to Contribute 2.5% of Turnover for the purpose of funding the proposed Nigeria Postal Service Commission.**

**Section 39(2)(e)** requires licensees to contribute 2.5% of their turnover to the Commission's fund. This will impose considerable burden on courier companies. This is outrageous, having regard to the numerous taxes and levies already being paid by the courier companies. These include the company tax of 30%, VAT, , education tax, airport charges, FAAN Charges, several taxes imposed by the states of the federation, local government charges, signage fees of various states, etc.

This is not in consonance with the current Ease of Doing Business Agenda of Government. It is also not in tune with the letters and spirit of the Economic Recovery and Growth Plan [ERGP], which seeks to promote and incentivise private sector investment. This provision would impose an unbearable burden on courier companies in the country.

## **Rate Fixing**

The bill proposes that courier companies shall not charge any rates or tariffs unless approved by the Commission. Section 17(2) criminalizes charging rates not approved by the Commission. This provision is a complete negation of the key principles of private enterprise, which the ERGP is seeking to promote. This would amount to an overregulation which should not happen. Courier service is not a social service, it is a business which should allow for each player to design its business model for survival and sustainability.

Even social services such as education and health services offered by private providers are not subjected to such an overbearing pricing legislation. The best way to protect consumers is to ensure a virile competitive environment among service providers, not by fixing rates. Rate fixing for courier companies is not only counterproductive but would stifle investment in the sector and give very adverse signals to potential investors in the economy.

## **The Public Postal Operator's Exclusive Power over Postal Articles Weighing up to 1 kg**

Section 11(1) of the bill states that the Public Postal Operator shall have exclusivity over the delivery of postal articles weighing up to 1 kg. This is creating a monopoly situation which is inimical to private investment and in conflict with the ERGP, the Ease of Doing Business Policy of the present administration, and the interest of the citizens. The citizens should have the freedom to choose whichever way they want to transmit their articles or any products whatsoever. The monopoly story of

the defunct NITEL is instructive and dictates that such a legislation should not see the light of day.

We appeal to the National Assembly to expunge the disturbing provisions highlighted above before progressing with the consideration of the bill.

**MUDA YUSUF**

**DIRECTOR GENERAL**

**LAGOS CHAMBER OF COMMERCE AND INDUSTRY**

**18<sup>TH</sup> NOVEMBER 2018**