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WHAT IS THE SIGNIFICANCE OF THE PETROLEUM HOST COMMUNITIES' FUND IN THE PETROLEUM INDUSTRY BILL [PIB] TO THE HOST COMMUNITIES?

The petroleum host communities' fund (PHC) is one of the new introductions to the recently submitted PIB draft. It takes into cognizance, the yearnings and aspirations of the host communities and with the establishment and proper management of the PHC fund, it will go a long way to address the perennial neglect of the Niger Delta region where oil and gas are being exploited.

The new draft makes the following provisions in favour of the host communities:

'Each upstream petroleum company shall remit on a monthly basis 10 per cent of the net profit (net profit defined as the adjusted profit minus the Nigerian Hydrocarbon Tax and minus the corporate income tax) as follows:

For profit derived from petroleum operations in onshore areas and in the offshore shallow water areas, all of such remittance directly into the PHC Fund;

For profit derived from petroleum operations in deepwater areas, all of the remittance directly in equal shares to each state government of the eight littoral states of the Federal Republic of Nigeria.

At the end of the fiscal year, each upstream petroleum company shall reconcile its remittance pursuant to subsection (1) of this section with its actual filed tax return to the service and settle any such difference.

The contributions made by each upstream petroleum company pursuant subsection (1) of this section, will constitute an immediate credit to its total fiscal rent obligations as defined in this Act'.

EXPECTED BENEFITS FROM THE FUND TO THE HOST COMMUNITIES.

The money realized from the PHC fund can be used to invest in modern agricultural practice within the Niger Delta region. This will not only create a source of employment for the teeming youths of the region, but it will also boost food productivity. The investment in agriculture will in no doubt help in diversifying the revenue earning capacity of the economy.

Another key area that the PHC fund can be positively utilized is in the area of provision of basic amenities and infrastructural projects. It is a known fact that the deplorable state of roads, hospitals, portable water system, schools, and other necessities of life where they exist among these host communities are appalling, efforts should be made by the government to adequately utilize the proceeds from this fund to alleviate the sufferings of these communities.

Furthermore, the fund can be used to tackle the evil effect of environmental pollution and degradation that has been hampering the region thereby creating a conducive environment and further clean up the water ways from spills that result from oil exploration activities.

In order to make these host communities accountable and also to ensure the security of the oil facilities in their areas, the law has provided strict penalties for any act of vandalism of the oil facilities or civil unrest by the communities, such community (ies) runs the risk of losing its own share of entitlement to the portion of the PHC Fund.

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