

**COMMUNIQUÉ ISSUED AT THE END OF THE 5-DAY STRATEGIC PLANNING SYNERGY
WORKSHOP FOR
THE ASSOCIATION'S (PENGASSAN) LEADERSHIP AND STAFF AT THE CONFERENCE
HOTEL, IJEBU-ODE, OGUN STATE ON JUNE 20, 2008**

The Petroleum and Natural Gas Senior Staff Association of Nigeria (PENGASSAN) held a 5-day Strategic Planning Workshop for its leadership and Staff where National, Sector and Labour issues were exhaustively deliberated upon.

1. NIGER DELTA DEVELOPMENT AND SECURITY ISSUES

The Association notes with dismay the deteriorating Security situation in the Niger Delta caused by the under development of the region. This is gradually sliding towards the eventual and total shut-down of Oil facilities, installations and production.

The Association therefore resolves as follows:

- That there has not been any sincere and constructive engagement of all relevant stakeholders and the necessary political will by the government to resolve the issues in the Niger Delta.
- That there should be a complete de-militarization of the Niger Delta region and reconciliation among the Niger Delta communities, Oil companies, and other relevant stakeholders to engender sincere and constructive engagement on the issues at stake.
- That there should be a deliberate programme for accelerated infrastructural, human capacity development and empowerment to address the loss of socio-economic activities caused by oil exploration and production, and the attendant negative ecological and environmental impacts.
- That beyond the reliance on Agencies and Commissions, there is an urgent need for the Federal Government to directly intervene so as to stimulate rapid development of the Niger Delta region.
- Since there can be no meaningful development in any crisis prevailing atmosphere, the Association maintains that all parties must create the enabling environment for constructive social dialogue and better social judgement and eschew steps that would aggravate the divergent perception on the Niger Delta issue.

2. EXPATRIATE QUOTA ABUSE

The Association frowns at the growing misuse, circumvention and official compromises in the administration of expatriate quota applications and renewals by the relevant Agencies and the undue exploitation of the weak legislations and policies on expatriate services.

These have consequently resulted to loss of jobs, capital flight, career stagnation, problems of empowerment of Nigerians and succession, which have created a big gap in the replacement of expertise by top Nigerians in the Oil and Gas Sector thus negatively slowing the National Contents Development policy drive.

The Association therefore resolved that a deliberate strategy should be urgently established to evaluate the available jobs required in our highly technical and challenging Oil and Gas industry with a view to identifying areas where expatriate assistance is needed without necessarily undermining both National security and economy.

3. NATIONAL CONTENTS DEVELOPMENT POLICY

The Association views with serious concern, the drive and gaps in the National Contents Development Policy which was set to achieve 45% targets for 2007 and 70% targets for 2010 on National Contents impact in the Oil and Gas Sector.

The Association regretfully notes the domestication and domiciliation approach instead of nationalisation that would have accelerated and ensured technology transfer, capacity building for international certification/specification and standards; which are the necessary requirements for the acquisition of technical skills and expertise that would make our Nationals favourably compete with the international employees in the Oil and Gas sector.

The Association therefore resolves that there is a great need for closer ties, through regular collaboration and consultations among labour, Government and other stakeholders with a view to periodically reviewing, evaluating and correcting deviations in the Government's conscious and deliberate policy targeted at National Contents Development.

4. CASUALISATION AND CONTRACT STAFFING

The Association decries Government and Employers' half-hearted measures towards the ordeal of Casual and Contract employees in the Oil and Gas Sector who are compelled by high unemployment rate, poverty and ignorance to accept such sub-human employment contracts.

While noting the flexible employment policy under the new global economic order, the Association maintained that every responsible Government has obligations to regulate standards and ensure best practices as per statutory provisions and ILO conventions.

The Association therefore resolved that Government should ensure immediate compliance with "equal pay for equal work of equal value and appropriate welfare facilities for all categories of workers".

5. GAS FLARING TERMINAL DATE

The Association condemns Government's lack of commitment to the terminal date of "Gas flare out" in Nigeria by December 2008.

The Association notes the attendant negative effects of the incessant shifts in "Gas flare out" set dates on ozone layer depletion, global warming, ecological, environmental, health, and socio-economic activities, life expectancy and mortality rate in the affected areas.

The Association therefore demands that Government must develop the necessary political will and ensure urgent development of necessary infrastructure needed for Gas "Flare Out" in Nigeria.

The Association also demands for a review of the current penalty on gas flaring such that defaulting companies are made to pay twice the prevailing international market price of gas for every standard cubic feet of gas flared to serve as deterrent.

6. JOINT VENTURE (JV) OPERATIONS AND PRODUCTION SHARING CONTRACT (PSC)

The Association notes that Government has not lived up to her obligations on counterpart funding and cash calls to her Joint Venture partners including early approval of budget.

The Association demands that Government must pursue an effective and efficient process of regulating, monitoring and auditing the activities, cost structures and approval processes of all projects and operations of JVs/PSCs to instil transparency, responsibility and accountability.

7. DOWNSTREAM SECTOR REFORMS

The Association notes the conscious and deliberate policies of Government to stimulate and refocus the activities of the downstream Oil and Gas Sector in the last nine years towards effectively addressing the unacceptable and perennial Petroleum products supply-demand gaps, pipeline and distribution problems in our richly endowed Nation.

However, the subsisting poor supervision and monitoring of downstream sector activities, lack of commitment to regular Turn Around Maintenance (TAM) of refineries, pipelines maintenance and unattractive enabling investment environment to stimulate participation in the Downstream Sector are of great concern to the Association.

The lukewarm attitude of Government has also stifled the enactment of the Petroleum Inspectorate Commission Act and the review of the NNPC laws. This has prevented effective empowerment, competitiveness and productivity, hence encouraging sharp practices, official compromises, non-compliance with petroleum products standards and specifications by the downstream players.

The Association condemns the incessant loss of lives and properties caused by frequent tanker accidents, burst or ruptured pipelines resulting to fires in several parts of the country.

The Association therefore demands as follows:

- That Government should immediately probe into the supply, distribution and the unbearable price regimes of the locally refined and imported AGO (Diesel) among Sector players.
- That the Association and other relevant stakeholders are aware of a bill on "Private Refinery Incentives" that has already undergone first reading at the

National Assembly and hereby demands that an opportunity be given to enable the Association evaluate the patriotic and altruistic contents of some of the clauses contained in the said bill with a view to submitting our observations in the overall interest of all stakeholders.

- That Government should take urgent intervention measures with a view to aggressively address upgrading of railways and roads /pipelines maintenance for safe product haulage.