

# A BILL

## FOR

AN ACT TO AMEND THE OIL AND GAS EXPORT FREE ZONE AUTHORITY ACT CAP O5 LAWS OF THE FEDERATION OF NIGERIA 2011 WITH A VIEW TO PROVIDE FOR THE DESIGNATION AND ESTABLISHMENT OF OIL AND GAS FREE ZONES AND SUB-ZONES IN NIGERIA AND FOR RELATED MATTERS

*Sponsors: Hon. E. Y. Orker Jev, Hon. Uzoma Nkem Abonta*

[ ] Commencement

ENACTED by the National Assembly of the Federal Republic of Nigeria:

- 1                   1. The Oil and Gas Export Free Zones Act Cap O5 LFN 2011                   Amendment of
- 2                   (referred to as "the Principal Act") is amended as set out in this Act.                   CAP O5 LFN,
- 3                   2. Section 1 of the Principal Act is amended by substituting for                   2011
- 4                   existing section 1, a new section 1 as follows:                   Amendment of
- 5                   "Designation and Establishment of the Oil and Gas free Zones and Sub-                   Section 1
- 6                   zones:
- 7                   (1) The President, on the recommendation of the Authority, may by
- 8                   order:
- 9                   (a) designate any area within the Federal Republic of Nigeria as an
- 10                   Oil and Gas Free Zone and Sub-Zones (in this Act referred to as Free Zones
- 11                   and Sub-Zones);
- 12                   (b) designate any area within the Federal Republic of Nigeria as an
- 13                   Oil and Gas Sub-Zones (in this Act referred to as "Sub-Zones");
- 14                   (c) amend, vary or add to the limit of any Oil and Gas Free Zones
- 15                   and Sub-Zones as the case may be.
- 16                   (2) The President hereby designates the areas as listed in the
- 17                   Schedule to this Act (as amended) as Oil and Gas Free Zones and Sub-
- 18                   Zones.

1 (3) Oil and Gas Free Zones and Sub-Zones established pursuant to  
2 subsection (1) of this section, may be designed, developed, funded or operated  
3 by the Authority or a combination of both the Authority and a private or public  
4 enterprise.”

Amendment of  
Section 2

5 3. Section 2 of the Principal Act is amended by substituting for  
6 existing subsection (1), a new subsection 1 as follows:

7 “(i) There is here by established an Authority to be known as the Oil  
8 and Gas Free Zones and Sub-Zones Authority (in this Act known as the  
9 Authority).”

Amendment of  
Section 3

10 4. Section 3 of the Principal Act is amended by substituting for the  
11 existing sub section (i), a new sub section (1) as follows:

12 “1. There shall be for the Authority a Governing Board (in this Act  
13 referred to as the Board) which shall consist of the following members that is:

14 (a) a chairman who shall be:

15 (i) a suitable qualified person by reason of his profession, academic or  
16 administrative;

17 (ii) appointed by the President, subject to confirmation by the Senate;

18 and

19 (b) one representative each of the following ,not below the rank of a  
20 Director in the Public Service, of the Federation:

21 (i) Ministry of Industry, Trade and Investment;

22 (ii) Ministry of Petroleum Resources;

23 (iii) Ministry of Transport.

24 (iv) the Nigerian Chamber of Commerce, Industry and Mines  
25 Industries and Agriculture;

26 (v) Manufacturers Association of Nigeria;

27 (vi) Federal Ministry of Finance.

28 (c) the Comptroller-General of Nigeria Customs Service or his  
29 representative not below the rank of Assistant-Comptroller General;

30 (d) the Comptroller General of the Nigeria Immigration Service or his

1 representative not below the rank of Assistant Comptroller General;

2 (e) the Managing Director of the Nigerian Authority.

3 5. Section 5 of the principal Act is amended:

Amendment of  
Section 5

4 (a) in subsection (1)(a) by inserting immediately after the word  
5 "Free Zones" the words "and sub zones" and where ever it appears in the  
6 principal Act;

7 (b) by inserting immediately after the existing paragraph (f)  
8 paragraphs (g) - (l) as follows:

9 "(g) attract, facilitate and encourage the retention of investment  
10 leading to value addition ,into Free zones and Sub zones;

11 (h) regulate activities and monitor the operations of Free Zones and  
12 Sub-Zones, enterprises as well as organization that provide services within  
13 and to Free Zones and Sub zones;

14 (i) develop and monitor performance standards and indices  
15 relating to Free Zones and Sub zones;

16 (j) act as a one - stop shop for all government services for Free  
17 Zones and Sub zones;

18 (k) shall establish and maintain a registry as specified in the fourth  
19 schedule to this Act; and

20 (l) carry out such activities as may be necessary or expedient for  
21 the full discharge of all functions and activities of the Authority under this  
22 Act."

23 6. Section 6 of the principal Act is amended:

Amendment of  
Section 6

24 (a) in subsection (3) by substituting for the existing subsection (3) a  
25 new subsection (3) as follows:

26 "(3) the Managing Director shall hold office for a period of four  
27 years and may be eligible for re-appointment for another period of four years  
28 and no more."

29 (b) by renumbering the existing subsection (3) as subsection (4)  
30 and existing subsection (4) as subsection (5) and existing subsection (5) as

1 subsection (6);

2 (c) by inserting a new subsection (7) as follows:

3 “(7) The Secretary of the Authority appointed pursuant to subsection  
4 (4)(a) of this section shall serve as secretary to the Board to:

5 (a) oversee the activities of the registry established in section 5 (l)(k)  
6 of this Act; and

7 (b) perform such other duties as the Chairman of the Board or the  
8 Managing Director may from time to time direct.”

Amendment of  
Section 7

9 7. Section 7 of the Principal Act is amended by inserting a new  
10 subsection (2) as follows:

11 “(2) The Authority shall have power to acquire land, hold, manage  
12 and alienate movable or immovable or immovable property, assets and real  
13 estate.”

Amendment of  
Section 8

14 8. Section 8 of the Principal Act is amended by substituting for the  
15 existing section a new section 8 as follows:

16 “8 (1) Notwithstanding the provisions of any other enactment or law  
17 an approved enterprise, body corporate or firm operating within the free zones  
18 shall be exempted from the payment of Federal, State and Local Government  
19 taxes, value added tax, levies, customs duties, rates, withholding tax, and  
20 deductions for as long as such enterprise continues to operate in the Free Zone  
21 and Sub-Zone.

22 (2) Notwithstanding the provision of any other law, all employees in  
23 the Free Zones shall comply with the provisions of the Personal Income Tax  
24 Act except those employees who work and reside in the Free Zones.

25 (3) Except as provided under this Bill, provisions of the Federal  
26 Inland Revenue Services Act, Customs and Excise (Consolidated) Act,  
27 Companies and Allied Matters Act, Industrial Training Fund Act and other  
28 related enactments applicable in the Customs Territory shall not apply within  
29 the Zones.”

1                   **9.** Section 10 of the Principal Act is amended by inserting a new                   Amendment of  
2 subsection (5) as follows:                   Section 10

3                   “10(5) In addition to any other power conferred on the Authority  
4 notwithstanding the provisions of any other enactment or law an approved  
5 enterprise or by this Act, the powers of the Authority shall include:

6                   (a) to undertake, or purchase or otherwise acquire any asset in  
7 furtherance of the objective of the Act;

8                   (b) when it is expedient, to take loans from banks licensed by the  
9 Central Bank of Nigeria;

10                   (c) to enter into contracts ,partnership and collaborative agreement  
11 or arrangement with any company or firm or body which in the opinion of  
12 the Authority will facilitate the discharge of its function under this Act;

13                   (d) to exercise such other powers as are necessary or expedient for  
14 giving effect to the provisions of this Act.”

15                   **10.** Section 12 of the principal Act is amended in:

Amendment of  
Section 12

16                   (a) subsection (5) by substituting the existing words with the  
17 following new words:

18                   “In consideration of the substantial investment in Oil and Gas Free Zones,  
19 all Oil and Gas related cargoes must be handled only at approved Oil and  
20 Gas concessioned ports, however, investors are free to choose ports of  
21 discharge of their cargoes within the designated terminals at Onne, Warri  
22 and Calabar ports.”

23                   (b) subsection (6) I by substituting the existing words with the  
24 following new words:

25                   “A licensee may, with the approval of the Authority move machinery or  
26 equipment into the Customs Territory for the execution of Special Projects  
27 and return such machinery or equipment inserting immediately after the  
28 existing.”

29                   **11.** Section 26 of the principal Act is amended:

Amendment of  
Section 26

1 (a) by substituting for the existing section a new section 26 as follows:  
2 “Establishment, etc of Oil and Gas Free Zones and Sub -Zones Labour  
3 Council;

4 26 (1) There is hereby established a Council known as the Oil and Gas  
5 and Special Sub-Zones Labour Council (in this Act referred to as the Council)  
6 which shall:

7 (a) be responsible for dialogue and resolution of labour issues within  
8 the Free Zones and SubZones;

9 (b) from time to time, make recommendations to the Authority on  
10 resolution of labour issues within the Free Zones and Sub-Zones;

11 (2) The Labour Council shall comprise of:

12 (a) a representative of the Managing Director of the Authority not  
13 below the rank of a Director who shall be the Chairman;

14 (b) a representative of the Federal Ministry of Labour, Employment  
15 and Productivity;

16 (c) one representative of each of the following:

17 (i) Nigeria Labour Congress (NLC);

18 (ii) National Union of Petroleum and Natural Gas Workers  
19 (NUPENG);

20 (iii) Petroleum and Natural Gas Senior Staff Association of Nigeria  
21 (PENGASSAN);

22 (iv) Maritime Workers Union of Nigeria (MWUN);

23 (d) two persons to represent operators of Free Zones and Sub-Zones,  
24 provided however that they shall be rotated among operators of the Zones.

25 (3) The tenure of each Labour Council shall be a period of 3 years.

26 (4) The Council shall regulate its own proceedings.”

27 (b) renumbering the existing section 27 as new section 28.

Amendment of  
Section 27

28 **12.** Section 27 of the principal Act is amended by renumbering the  
29 existing section 27 as new section 28.

1                   13. This Bill may be cited as the Oil and Gas Export Free Zone Act   Citation t  
2                   CAP05 LFN 2011 (Amendment) Bill, 2015.

## SCHEDULE

## OIL &amp; GAS FREE ZONES AND SUB-ZONES

1.       Onne/Ikpokiri Oil and Gas Free Zone, Rivers State.
2.       Oil and Gas Free Zone, Owuogono, Rivers State.
3.       Oil and Gas Free Zone, Terminals I, II & III, Warri, Delta State.
4.       Oil and Gas Free Zone, Eko Support Services, Terminals I, II & III,  
          Apapa Lagos.
5.       Oil and Gas Free Zone, Delta Port, Warri, Delta State.
6.       Oil and Gas Free Zone, Snake Island, Lagos State.
7.       Oil and Gas Free Zone, Ladol, Lagos State.
8.       Oil and Gas Free Zone, Olokola, Ondo/Ogun States.
9.       Oil and Gas Free Zone, Iwokiri, Rivers State.
10.      Oil and Gas Free Zone, Ibaka, Akwa Ibom State.
11.      Oil and Gas Free Zone, Brass, Bayelsa State.
12.      Oil and Gas Free Zone, Ogedengbe, Warri, Delta State.
13.      Oil and Gas Free Zone, ImgbegbeAma, Rivers State.
14.      Oil and Gas Free Zone, Akwete-Obeaku Abia State.

## EXPLANATORY MEMORANDUM

This Bill seeks to amend the Oil and Gas Free Zones and Sub-Zones Act  
CAP 05 LFN to provide for the designation and establishment of Oil and  
Gas Free Zones and Sub-Zones among others.

