

INCREASING INTERNALLY GENERATED REVENUE OF LOCAL GOVERNMENTS

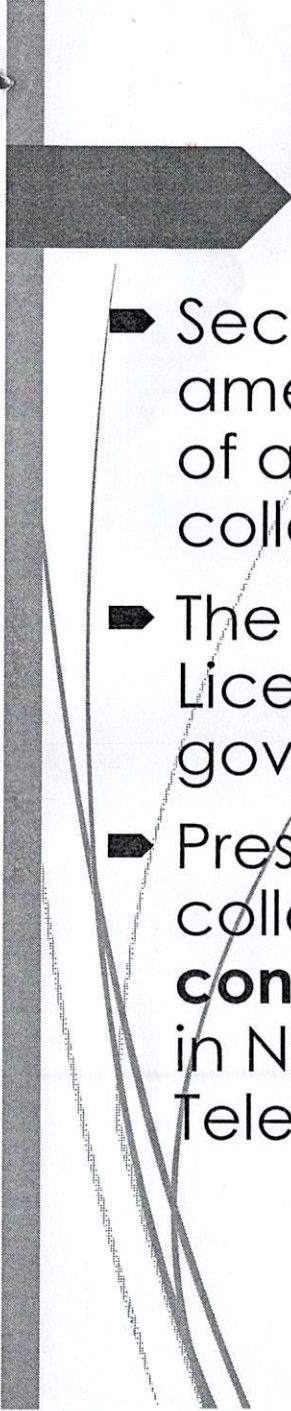
(STATES/LOCAL GOVERNMENTS JOINT ACCOUNTS)

Rachid Benmessaoud



THROUGH ENHANCED RADIO AND
TELEVISION RATES COLLECTION

(RADIO AND TELEVISION RATES SERVICE®)



CONSTITUTIONAL / LEGAL BASIS OF RADIO/TV LICENSING

- ▶ Section 7, 4th schedule of the 1999 constitution as amended provides as follows :“1. The main functions of a Local Government Council are as follows-... (b) collection of rates, radio and television licences;”
- ▶ The above clearly identifies Radio and Television Licensing as a function of (source of revenue for) local governments.
- ▶ Presently, some Local Governments do attempt to collect these revenue usually through **revenue contractors**. Cumulatively, the 774 Local Governments in Nigeria earn less than N250 Million from Radio and Television licensing annually

Definition of Radio/TV Rates

- The UK Radio and Television Licensing Fees Act defines Television fees as fees payable by residents of UK for receiving broadcast content through any capable device – TV, Radio sets, handheld devices- phone, iPads, PCs, Xbox, etc.
- This broad definition is applicable to Nigeria for several reasons
 1. The emphasis here is capability to receive broadcast content.
 2. In the 21st century we live in, with the convergence of broadcast and telecommunication technology, people receive broadcast content via many devices in addition to the Traditional/regular TV and Radio sets.



Definition of Radio/TV Rates

3. For the purposes of this project, Radio and Television licensing fee is defined as the fees payable annually by owners of equipment/ devices capable of receiving broadcast content within the Local Government Areas – Television, PC, Radio sets, Handheld devices, phones, tablets, ipads, V-Box etc.
4. When this is applied, 147 Million handheld devices, 10 Million PCs, 15 Million TV Sets, 10 Million Car Radio/TV Sets will be lawfully required to pay rates to their local governments bringing in an estimated N300 Billion annually.



Definition of Radio/TV licensing fee

- ▶ 6. This definition will be clearly stated in the Law that will drive the Radio and Television licensing fees collection.

LGA Revenue: Hard Facts

- ▶ The liquidity crisis faced by the three tiers of Government, precipitated by collapse of oil prices, has exposed the insolvency of Local Government, stretched the treasuries of State Governments and grossly weakened the Federal Government revenue base;
- ▶ At the heart of this financial crisis is the poor tax base of the government over and above the collapse of oil prices



LGA Revenue Hard Fact

- ▶ Federal and States Governments' efforts at expanding the non - oil sectors, increasing Internally Generated Revenue and prioritizing public spending are the only ways forward.
- ▶ Nigeria easily has the lowest tax base and penetration in the world. Governments must explore every lawful and constitutional means to finance its services. Aversion to taxation by Government and the people will worsen the current account deficit, retard Economic growth, increase social discontent and dash the hopes of the people and government

Comparative Data

In Nigeria not more than N250 million is earned through Radio/ T.V licensing;

- Compared to the UK where Radio and Television licensing earns the public treasury 3.7 billion pounds(**about 1.4 trillion Naira**) annually.

The reasons for this abysmal figure in Nigeria include:

- a. Absence of an innovative, robust, and reliable platform to collect the fees;
- b. Lack of capacity by Local Governments- (human, Technological and material);
- c. Lack of dependable, verifiable and effective technology, process and system to collect the fees;
- d. Absence of a centralized system owned, facilitated and legally enabled by Local, State and Federal Governments;
- e. Dependency on federal allocation.

HOW IT WORKS:

Radio and Television Rates Service®

- **Technology**
- Treasury & Financial technology application, process and systems will:
 1. Interface with primary services providers- Telcos , ISPs, SBS, VIOs for purposes of data collection/integration, remittances and disbursement
 2. Locate all payees/Device Owners within their Local Governments of Residence for purposes of remittances

HOW IT WORKS:

Radio and Television Rates Service®

- **Technology**
- Treasury & Financial Radio and Television Rates focuses on:
 - ✓ Consumers of broadcast content via Pay/satellite broadcast service – DSTV, MYTV, GOTV, STARTIMES, DAARSAT e.t.c;
 - ✓ Consumers of broadcast content via telecomm services -Subscribers of MTN, Airtel, GLO,ETISALAT etc;
 - ✓ Consumers of broadcast content via internet service providers- ISPs, Telcos,.
 - ✓ iv. Consumers of broadcast content via radio in vehicles plying Nigerian roads.

ECONOMICS

- ▶ Statistical data of 80 Million people living on less than 2 dollar per day is the basis for the estimate of a payable fee of between N1,088-N7,800 per year.
- ▶ This compares favorably with what obtains elsewhere in the world, e.g, Croatia; 15 USD(@295) (N4, 425)UK; 44 pounds(@389.5) (N17,138) South Africa; R265 (N12,985).
- ▶ For the purposes of Radio and Television Rates Services Nigeria, Treasury & Financial recommends N1,200 – N2,400 per year.
- ▶ 4. Registered Motor Vehicles
 - ▶ 10,000,000 (FRSC data)
 - ▶ : $10,000,000 \times 1,200 = 12,000,000,000.00$
 - ▶ Total Revenue per year: N272,400,000,000.00

Financial Projections

1. Telcos – MTN, Airtel, GLO, Etisalat, CDMAAs and Fixed line operators:

175 000 000 active Equipment/Devices (NCC data)

:175, 000, 000 x N1,200 = N210,000,000,000.00

2. Internet service subscribers

12,000,000(NCC Data)

:12,000,000x N1,200= N14,400,000,000

3. Satellite broadcast service subscribers

15,000,000 (NBC Data)

:15,000,000 x N2,400 = N36,000,000,000

Note:

- Where some entities are categorized as commercial, with slightly higher rates e.g, hotels, banks, etc, the Gross Radio and Television Rate Services revenue tops N350 Billion annually
- However Local governments, under the guidance of State Governments, could work around the recommended fees and adjust to suit their local economy and goals.

Implementation of Radio and Television Rate Services

- ▶ Radio and Television Licensing is constitutionally a local Government Internally Generated Revenue source, however, given the capacity challenge at the Local Government level, it is recommended:
- ▶ that implementation of Radio and Television Rates collection be anchored as a State/Local Government joint account operations. This will ensure efficiency, uniformity, transparency and accountability.
- ▶ That the Nigeria Governors' Forum provides the needed leadership to drive the project.

The Roles



1. The Nigeria Governors' Forum

- Leads and drives this project;
- Puts in place the remittances, verification and disbursement committee, comprising 1 representative per state and the FCT; 1 representative each of NBC, NCC, NGF Secretariat, ALGON and Treasury and Financial;
- Interfaces with and secures the participation of NCC, NBC and VIOs to enforce the enabling law on TELCOS, ISPs, Satellite Broadcast service Providers, VIOs and their various subscribers

The Roles Cont'd

2. Nigeria Communication Commission and National Broadcasting Commission

- Accept responsibility for enforcement of compliance on Telcos, ISPs and Satellite broadcast Service providers as prescribed by the enabling laws.
- Send representatives to the Remittances and Verification committee.



The Roles Cont'd

3. Treasury & Financial Limited

- As project concept originators and sole consultant for Radio and Television Rates Services:
 - a. Provides every resource- financial, human, Technology , public information, education and communication necessary for running the project throughout the tenure of her engagement;
 - b. Provides secretariat for Radio and Television Rates Services Committee for the duration of the project;
 - c. Administers/ manages operations of Radio and Television Rates Services on behalf of the Nigeria Governors' Forum/774 Local Governments

Needful Steps :Critical Success Factors

- The Radio and T.V licensing is a constitutional provision to enhance the financial viability of the Local Governments. It is therefore necessary to institutionalize this source of huge IGR in **ALL** the states/local governments **AT THE SAME TIME**;
- It is politically correct for all the States to implement this source of IGR simultaneously to avoid politicization and partisanship;
- Facilitates the enactment of the enabling law for the collection of the Radio and T.V licensing fees.



...Success Factors Cont'd

- Simultaneous deployment of this source of IGR will prevent induced or instigated resistance from vested interests- Labour, activists, etc;
- The Radio and T.V Rates service APP platform and its integral partner platforms works seamlessly and effectively when data is nationally processed;.
- The cost of deployment of platforms will be cheaper and easier when delivered nationally;
- The average cost of media and publicity will be 35% lower with national campaign than state to state campaigns;
- It will ease the work of Service Providers/ collecting agents when all the States are involved at the same time



...Success Factors Cont'd

- The technology for the collection of the T.V and Radio licensing fees is designed to function optimally and cost effectively when it is deployed in all the 36 States and the FCT at the same time;
- It will ensure seamlessness, effectiveness and reliability of data as individuals will have no incentives to change from rates-collecting to non-collecting States

BENEFITS

A new, reliable, sustainable and easy- to- collect source of IGR would have been identified for all the States and Local Government Areas in Nigeria;

- Guarantee some level of financial autonomy and sufficiency for State/Local Governments.
- Create over 5,000 new real and quality jobs across the Federation
- A credit to the Nigeria Governors' Forum for leading change in ways never done before
- The fees do not target the poor and unlikely to be a burden on payers based on the installmental payment plan
- Revolutionize taxation in a very dramatic way
- Encourage grassroots participation in Governance and indeed democracy.

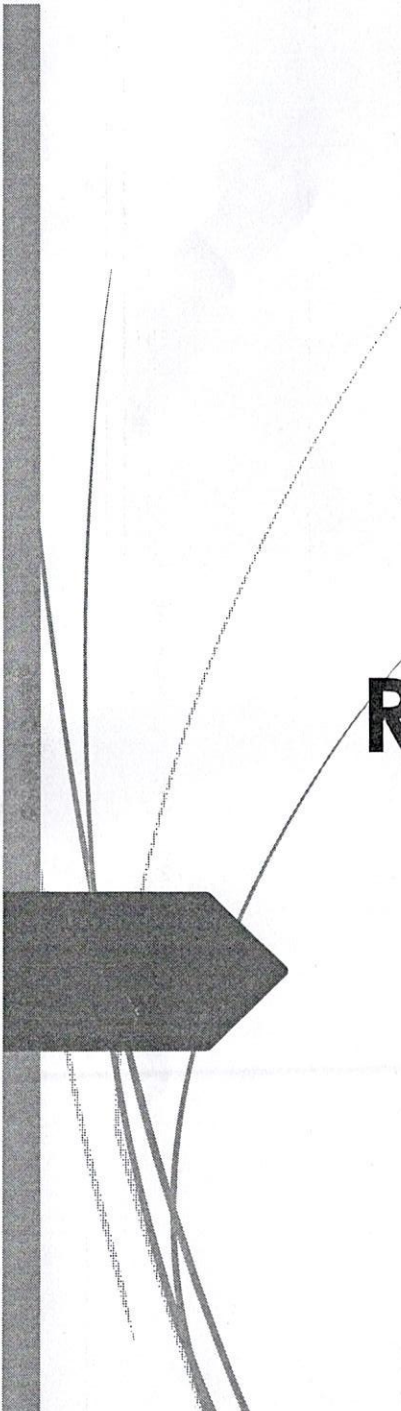


IMPLEMENTATION STEPS

- ▶ Endorsement of the project by the Nigeria Governors' Forum;
- ▶ Firming up the formal engagement of Treasury and Financial Limited as project Originators and Consultants;
- ▶ Securing the commitment and participation of the Relevant Government Regulatory Agencies and other critical stakeholders, e.g, NCC, NBC, Telcos, ISPs, Satellite Broadcast Service providers; VIOs, Etc.

FINAL WORD

This project with capacity to generate about 300 billion naira annually will come to the NGF, States And Local Governments **AT ZERO COST.**



The Technology

RTVRS Aggregate Portal

RTVRS Aggregate Portal

The convergence of technology and service integration is fast making every electronic device capable of receiving broadcast content, as defined above.

RTVRS Portal is a software solution that provide a platform for Local Governments to effectively collect Radio and TV License Fees.

The Portal is Specifically built to integrate with Broadcast content service providers billing systems content service providers to:

- Ascertain Local Government of residence of Device owners.
- Facilitate payment of fees at Point of Purchase (POP).

RTVRS Aggregate Portal

- The portal provides flexible convenient payment plans and option for device owner
- The provides technical support for Government to lower cost of collection of License Fee.
- Aggregate and Remit revenue due to each LGA/State for a given collection Period.
- Provide transaction history routinely and as may be required for arbitration and reconciliation
- E.tc

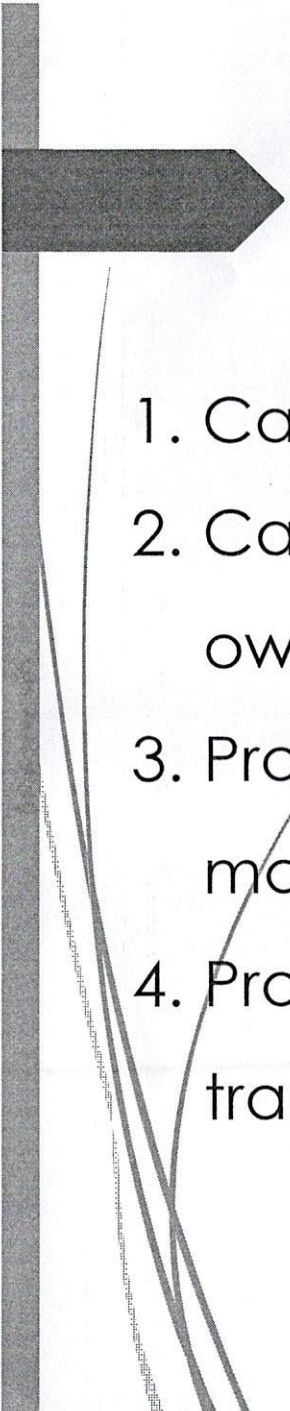
Capabilities



Device Registration

1. Create Device Account
 - i. Classify and Manage Device
 - ii. Map Device Owners to LGA of Residence
 - iii. Activate and Device Account Ledger
 - iv. Manage Device Account Collection Period and payment.
 - v. Provides facilities for **Real Time** Payment and remittance.

Capabilities

- 
1. Capacity to Match projection against Actual
 2. Capacity to Aggregate Revenue by LGA of Device owner.
 3. Provide banking/electronic payment interfaces to manage remittance and disbursements
 4. Provide secured self Help interface for State/LG for transaction validation and enforcement

Licence fee Classification/Setup

REVENUE AGGREGATE PORTAL

Collection Agents License Register Collections Revenue Analysis Source Analysis Agents Analysis Chart Reports

Licent Type License Goup

License Rate License Category

Collection Plan

Apply this Rate to this LGA

SNO	LICENSE TYPE	LICENSE GROUP	LICENSE CATEGORY	APPLICABLE RATE	COLLECTION PLAN	REMARKS
1	GSM PHONE DEVICES	Private	A	25.00	Weekly	Weekly payment plan
2	INTERNET DEVICE	Private	B	100.00	Mothly	Monthly payment plan
3	SATELLITE TV DEVICE	Private	C	300.00	Quarterly	Quarterly payment plan
4	VEHICLE TV DEVICE	Private	D	1,200.00	Yearly	yearly payment plan
5	GSM PHONE DEVICES	Firm	A	25.00	Weekly	Weekly payment plan
6	INTERNET DEVICE	Firm	B	100.00	Mothly	Monthly payment plan
7	SATELLITE TV DEVICE	Firm	C	300.00	Quarterly	Quarterly payment plan
8	VEHICLE TV DEVICE	Firm	D	1,200.00	Yearly	yearly payment plan
9	GSM PHONE DEVICES	Private	B	25.00	Weekly	Weekly payment plan
10	GSM PHONE DEVICES	Private	C	100.00	Mothly	Monthly payment plan
11	GSM PHONE DEVICES	Private	D	300.00	Quarterly	Quarterly payment plan
12	INTERNET DEVICE	Private	A	1 200.00	Yearly	yearly payment plan

Device Registration

REVENUE AGGREGATE PORTAL

Collection Agents

License Register

Collections

Revenue Analysis

Source Analysis

Agents Analysis

Chart Reports

Get Record Files

Browse...

No file selected.

Classify Record By Address

Auto Profile State Of Origin

Auto Profile Age

Auto Profile LGA of Origin

Auto Profile Sex

Auto Profile Occupation

Pull Record From

MTN

Default Payment Plan

MONTHLY

Profile Selected Source

SNO	DEVICE REGNO	DEVICE OWNER	LICENSE TYPE	PAYMENT PLAN	LICENSE FEE(=N=)	RESID
1	0802xxxxx1	Owner device with Reg No 0802xxxxx1	GSM PHONE DEVICES	Monthly	100.00	The residential address Ov
2	0802xxxxx2	Owner device with Reg No 0802xxxxx2	GSM PHONE DEVICES	Monthly	100.00	The residential address Ov
3	0802xxxxx3	Owner device with Reg No 0802xxxxx3	GSM PHONE DEVICES	Monthly	100.00	The residential address Ov
4	0802xxxxx4	Owner device with Reg No 0802xxxxx4	GSM PHONE DEVICES	Monthly	100.00	The residential address Ov
5	0802xxxxx5	Owner device with Reg No 0802xxxxx5	INTERNET DEVICE	Yearly	1,200.00	The residential address Ov
6	0802xxxxx6	Owner device with Reg No 0802xxxxx6	INTERNET DEVICE	Yearly	1,200.00	The residential address Ov
7	0802xxxxx7	Owner device with Reg No 0802xxxxx7	INTERNET DEVICE	Yearly	1,200.00	The residential address Ov
8	0802xxxxx8	Owner device with Reg No 0802xxxxx8	INTERNET DEVICE	Yearly	1,200.00	The residential address Ov
9	0802xxxxx9	Owner device with Reg No 0802xxxxx9	INTERNET DEVICE	Yearly	1,200.00	The residential address Ov

Collection Agents Registration

REVENUE AGGREGATE PORTAL

- Collection Agents
- License Register
- Collections
- Revenue Analysis
- Source Analysis
- Agents Analysis
- Chart Reports

Collection Agent Name

Agent Category

Contact Address

Primary Contact

Contact Phone No

Contact Email

Total No of Licensee

Auto Sync Data

Device Identity Type

RTL Data Synchronization Model

Set Connection Properties

Register Agent

SNO	COLLECTION AGENT NAME	LICENSE TYPE	LICENSE FEE	ESTIMATED LICENSE VOLUME	DEVICE IDENTITY TYPE
1	MTN	GSM PHONE	100/Month	60Million	SIM No
2	GLO	GSM PHONE	100/Month	60Million	SIM No
3	ETISALT	GSM PHONE	100/Month	40Million	SIM No
4	VISA PHONE	GSM PHONE	100/Month	10Million	SIM No
5	MULTI CHOICE	INTERNET DEVICE	1200/Year	20Million	SIM No
6	FRSC	VEHICLE	1200/Year	60Million	Vehicle Reg No
7	VIO	VEHICLE	1200/Year	10Million	Vehicle Reg No
8	SPETNET	INTERNET DEVICE	1200/Year	10Million	SIM No
9	SMAILE	INTERNET DEVICE	1200/Year	10Million	SIM No

Revenue Aggregator (State/LGA)

REVENUE AGGREGATE PORTAL

Collection Agents License Register Collections Revenue Analysis Source Analysis Agents Analysis Chart Reports

STATE REVENUE BREAKDOWN BY SOURCES

SNO	STATE	TELECOM SOURCE	VEHICLE SOURC	SATELLITE SOURCE	PENALTY PENALT	STATE TOTAL REVENUE
1	Abia	2,698,263	264,751	1,065,016	201,401.54	4,229,432.44
2	Adamawa	1,654,920	288,026	671,484	130,721.52	2,745,151.87
3	Akwa Ibom	2,269,576	448,668	115,566	141,690.46	2,975,499.63
4	Anambra	836,463	1,572,117	491,304	144,994.19	3,044,878.09
5	Bauchi	3,044,519	1,210,092	1,113,349	268,398.01	5,636,358.24
6	Bayelsa	2,167,591	1,071,327	1,289,981	226,444.96	4,755,344.17
7	Benue	2,307,178	674,332	1,079,338	203,042.42	4,263,890.76
8	Borno	1,743,734	812,410	584,641	157,039.23	3,297,823.80
9	Cross River	410,693	857,055	1,177,772	122,276.04	2,567,796.94
10	Delta	1,870,215	1,134,888	1,336,848	217,097.55	4,559,048.59
11	Ebonyi	1,644,478	886,732	269,342	140,027.56	2,940,578.73
12	Edo	2,059,402	1,108,816	229,068	169,864.33	3,567,151.00
13	Ekiti	697,790	1,490,161	953,160	157,055.54	3,298,166.42
14	Enugu	94,175	887,728	1,159,257	107,058.03	2,248,218.69
15	FCT	2,773,622	1,852,558	1,263,859	294,501.93	6,184,540.58
16	Gombe	38,577	893,976	1,107,914	102,023.36	2,142,490.54
17	Imo	1,274,741	140,102	1,269,475	134,215.91	2,818,534.17
18	Jigawa	2,418,082	1,481,147	1,450,781	267,500.48	5,617,510.15
19	Kaduna	1,354,341	729,896	890,041	152,162.45	3,216,422.40

Collection Register

REVENUE AGGREGATE PORTAL

[Collection Agents](#) |
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Import Collection Record from No file selected.

Show Record for
 Select State to Analyse

Collection Period
 Select LGA to Analyse

Total Collection: State **0.00**
 Total Collection: LGA **0.00**

OWNERS NAME	LICENSE TYPE	COLLECTION PERIOD	AMOUNT PAID	COLLECTION AGENT	AGGREGATED TO LGA
Owner device with Reg No 0802xxxxx1	GSM PHONE DEVICES	Jan-16	100.00	MTN	LGA1
Owner device with Reg No 0802xxxxx2	GSM PHONE DEVICES	Jan-16	100.00	GLO	LGA2
Owner device with Reg No 0802xxxxx3	GSM PHONE DEVICES	Jan-16	100.00	ETISALT	LGA3
Owner device with Reg No 0802xxxxx4	GSM PHONE DEVICES	Jan-16	100.00	VISA PHONE	LGA4
Owner device with Reg No 0802xxxxx5	INTERNET DEVICE	Jan-16	100.00	MULTI CHOICE	LGA5
Owner device with Reg No 0802xxxxx6	INTERNET DEVICE	Jan-16	100.00	MTN	LGA5
Owner device with Reg No 0802xxxxx7	INTERNET DEVICE	Jan-16	100.00	GLO	LGA5
Owner device with Reg No 0802xxxxx8	INTERNET DEVICE	Jan-16	100.00	GLO	LGA5
Owner device with Reg No 0802xxxxx9	INTERNET DEVICE	Jan-16	1,200.00	SMAILE	LGA9
Owner device with Reg No ED 234w7	VEHICLE TV DEVICE	Jan-16	1,200.00	FRSC	LGA9
Owner device with Reg No ED 234w8	VEHICLE TV DEVICE	Jan-16	1,200.00	FRSC	LGA9

Revenue Aggregator (State/LGA)

REVENUE AGGREGATE PORTAL

Collection Agents

License Register

Collections

Revenue Analysis

Source Analysis

Agents Analysis

Chart Reports

REVENUE ANALYSIS

Revenue Source

Select Agent

Process from To

Select Year

Aggregate to State

Aggregate to LGA

Process Income

SNO	AGGREGATE ENTITY	COLLECTION PERIOD	PROJECTED REVENUE	ACTUAL COLLECTION	PENALTY PENALTY	AMOUNT REMITTED
1	Aba North	Jan-Mar 2016	300	300	0	300
2	Aba South	Jan-Mar 2016	15,600.00	15,600.00	0	15,600.00
3	Arochukwu	Jan-Mar 2016	300	300	0	300
4	Bende	Jan-Mar 2016	300	300	0	300
5	Ikawuno	Jan-Mar 2016	300	300	0	300
6	Ikwuano	Jan-Mar 2016	1,200.00	1,200.00	0	1,200.00
7	Isiala-Ngwa Nort	Jan-Mar 2016	12,000.00	12,000.00	0	12,000.00
Total Revene			30,000.00	30,000.00	0	30,000.00