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PRIVATIZATION: A POLICY TO TRANSFORM AND INCREASE THE PRODUCTION CAPACITY OF FISH IN NIGERIA FISH INDUSTRIES

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ABSTRACT

Over 200 hatcheries of fish exist in Nigeria with at least two hatcheries in each state of the federation but unfortunately over 50 percent are either non-functional or function far below their optimum production capacities. Also about 85 percent of the non-functional hatcheries belong to the government (-either federal, state, local government or institution). The associated problems with the non-functional hatcheries include: inadequate funding, poor maintenance of hatcheries facilities, high cost of feed inputs, inadequate infrastructure, differential growth and cannibalism in catfishes which result in poor fingerling harvest, low attitude and lack of commitment to government work. Privatization/ownership options are considered the best options for this paper and clues to solve the problems mentioned above through privatization are presented. Problems with privatization and private investment are also discussed. It was advised that in case the existing hatcheries are put in to full production, the national demand for fingerlings which is placed at 4.3 billion annually could be met with ease. Fingerlings production in the hatchery as the quickest revenue yielding aspect of fish farming (with high internal

rate of returns and short pay back period) capable of attracting revenue within 2-3 mouths of a breeding exercise are emphasized.

INTRODUCTION

Nigeria has the long problem of protein deficiency. Aquaculture which started over 40 years ago was believed to bridge the gap between fish demand and supply but has not been able to substantially contribute to the domestic fish production. Nigeria is one of the largest fish importers, importing about 800,000 MT of fish annually (Miller, 2003). This has a negative trade balance to the nation. Commercial aquaculture has been shown to be the only gate way to this trade in balance and it has been pointed out to be catalytic to food security, hunger reduction and poverty alleviation through economic growth and employment generation, particularly at a time when fish production from capture fisheries in Nigeria has reached its assured maximum sustainable yield.

The development of aquaculture in Nigeria, like most other countries in Africa, has been very slow for several reasons: lack of feeds and high quality seed (fingerling), inadequate access to credit, conflict with other sectors, environmental degradation, poor experiences of past attempts at developing aquaculture, inadequate and inappropriate research on aspects of aquaculture and the lack of economic viability studies (FAO, 2001). There is also the need for serious research work on indigenous fish species as indiscriminate introduction of non-indigenous fish species can adversely affect biodiversity. The federal government (including states) has

constructed many fish farms, fish hatcheries and feed mills most of which have been abandoned today due to ineffective management (Miller, 2003). These farms have never contributed significantly towards solving domestic fish production or solving the problems facing the private fish farmers in terms of fish fingerlings and fish feeds.

Fish is very much consumed by Nigerians especially by rural dwellers. The country has a total fish consumption estimate of 1.3 million metric tons but produces about 450,000 metric tons. The deficit has to be made up through commercial aquaculture. The major initiation in improving commercial aquaculture is through the privatization of Government owned fish farm and fingerlings production centers, training of youths in aquaculture, joint venture enterprise particularly for the production of shrimps, as well as the provision of credit facilities, training of aquaculture operators and adoption of less sophisticated techniques in fish seed production.

A diagnostic survey of the status of fish hatcheries and fish fingerling production in Nigeria (NIFFR, 1995) and updated in 1998 shows that there are over 200 fish hatcheries in Nigeria with at least two hatcheries in each state of the federation. Unfortunately, over 50 percent of these hatcheries are either non-functional or function far below their optimum production capacity. Over 85 percent of non-functional hatcheries belong to the Government either Federal, State or Institutions. The major problems highlighted by the hatchery operators centered on technical, management, economic and social issues. Most of these problems can be solved through privatization.

Privatization and Ownership Options

According to Kalu (1999), the primary objective of privatization is to increase the efficiency of the economy through the transformation of state own enterprises to

public owned companies run by the private sector. By this, the public resources is relocated to private ownership so that the use will be maximized. Privatization of government hatcheries, therefore, implies the transfer of the hatcheries from government control or ownership to private ownership. Such transfer could be directed to private individuals, corporate bodies, non-governmental organizations, cooperatives societies or farm associations. There are two major options that can be adopted:-

- (i) Full or total transfer of ownership
- (ii) Partial transfer of ownership

In total transfer: the hatcheries are sold out completely to the private individual or organization and the hatcheries cease to be the property of the government. In this way, the government washes off its hands completely from the funding and management of such hatcheries.

In partial transfer: the government still owns the hatcheries but can lease the facilities out for a given period of time under definite terms or memoranda of understanding. In both options, the funding and management of the hatcheries are invested on the private owners.

Privatization For Increased Hatchery Production Of Fingerlings

The major problems associated with non-functional and low production hatcheries in Nigeria were identified to include:-

- (a) Poor management due to low attitude and lack of commitment to government work: A fish hatchery is like a breeding factory and the production process is time consuming, time specific, labour intensive and most times requires 24 hours services because of the delicate nature of some of the activities (i.e attending to baby fish). Hatchery management, therefore, requires a lot of devotion and dedication to duty on the part of the hatchery staff. For example, injected ripe brooders must be stripped after a definite latency time otherwise, fertilization and hatchability will be poor. Zooplankton must be collected and fed to

fry at definite rate otherwise, the growth and survival of the fry will be poor. For the cat fishes, fishy must be sampled at definite time intervals otherwise, differential growth or cannibalism will set in. This level of devotion and dedication to duty has not yet been instilled in to the Nigerian civil service but can easily be attained in the private sector with good incentive and regular supervision. The private hatchery owner is commercial and business oriented and will do anything possible to maximize profit. He can fire or hire his staff with minimal sentiments as against what is obtainable in the government sector.

(b) Inadequate funding: Insufficient, irregular and untimely release of fund due to government bureaucracy and protocols was also identified as a major problem in government hatcheries. Hatchery operations are time specific and the activities come up in successive progression i.e brood stock management, induced spawning egg, incubation hatching of eggs, nursery management of fry to fingerlings. Each stage of the brooding process has its own management protocols/procedures and any hindrance at any given stage will adversely affect the overall productivity of the breeding exercise.

Irregular and untimely release of fund are not prominent in private hatcheries because there are minimal bureaucracy and official protocol. The interest of every staff or stakeholders is vested in the project because their salaries, economic welfare and prosperity depends on the success and revenue from the project. The private sector is also more cautious in spending and accountability.

(c) Inadequate infrastructure and poor maintenance of hatchery facilities.

This problem emanates from low commitment to government property. Most of the government hatcheries were constructed by contract without due involvement and supervision by the end users i.e hatchery operators. Technical

errors and omissions in the infrastructure would be difficult to rectify. Hence, there are so many abandoned government hatcheries due to poor drainage, tank leakages, collapsed walls, e.t.c. Also, where the hatchery infrastructure is relatively good, funds will not be adequate to sustain the structures and facilities. This is because a government hatchery hardly generate enough revenue to sustain itself. Privatizing a government hatchery will make it more revenue yielding.

(d) High cost of feed inputs: this is a common problem in all aquaculture investments. Feed inputs constitute about 40%-60% of the recurrent expenditure but if feeds of appropriate dietary protein levels are supplemented with non-conventional feedstuffs such as maggot and trash fish the feed conversion ratio will be low and the profit index improved. The farm will always make good profit on the investment.

(e) Differential growth and cannibalism in catfishes resulting in low percentage survival of fry and fingerlings.

Differential growth and cannibalism in catfishes result from poor feeding and sampling regime. If the fish are fed adequately and sampled at regular intervals of not more than a fortnight, cannibalism will not develop. This problem is also a clear manifestation of poor management and low commitment to duty. This may not be tolerated in private fish hatcheries.

Problems Associated with Privatization and Private Establishments

Privatization of government fish hatcheries cannot be executed without some inherent problems. Such problems include the thinning down of staff strength, lack of job security and pension schemes, payment of salaries and emoluments not commensurate with the job input. Because private investments are strictly profit demanding and the salaries of staff are paid from the revenue of the hatchery, a

staff in excess of the minimum number required for the job will not be accommodated. The staff inherited from the government must be thinned down based on relevance and revenue from the hatchery. Sometimes junior or unskilled staff will be stretched to perform duties of trained or skilled staff.

Also private employees have little or no job security. There is no pension scheme for retired staff. A staff can be fired any moment at the discretion of the proprietor and without prior notice. Most times, private employees are paid salaries and emoluments which are lower than their counterparts in the civil service. Such salaries are usually not commensurate with the job inputs and efforts the staff. The employer makes sure that the staff is exhaustively utilized and every kobo paid to him/her must be genuinely worked for. There is good machinery for job supervision. In this way, the hatchery becomes economically productive.

CONCLUSION

From the above analysis, it is obvious that fish farming could be run as a gainful venture. Those farms that fall short of expectation should be privatized so that they could be used to elevate poverty especially in the rural areas. If such is to be down, the fisheries officers within the zone of the fish farms should be given the option of buying or running them under a special programme where by commercial houses should come to their aid. Also the production of fingerlings in the hatchery for the growth of fisheries industry in Nigeria has been considered as the quickest revenue yielding aspect of fish farming, capable of attracting revenue within 2-3 months after the commissioning of the breeding project (Madu, 1995). The internal rate of return is usually above 60% and the pay back period can be less than two years (Madu and Ita, 1991). If the non-functional government hatcheries are privatized and all the existing hatcheries are put in to full production, the national

demand for fingerlings which is put at 4.3 billions annually (FDF,2003) can be met easily.

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