



SENATE OF THE
FEDERAL REPUBLIC OF NIGERIA
ORDER PAPER

Wednesday, 2nd October, 2019

1. Prayers
2. Approval of the Votes and Proceedings
3. Oaths
4. Announcements (if any)
5. Petitions

PRESENTATION OF BILLS

1. Federal University of Education Kontagora (Est, etc) Bill, 2019 (SB. 5) - *First Reading*
Sen. Abdullahi, Aliyu Sabi (*Niger North*).
2. Federal College of Education Illo (Est. etc) Bill, 2019 (SB. 6) - *First Reading*
Sen. Abdullahi, Yahaya Abubakar (*Kebbi North*).
3. Food Security Bill, 2019 (SB. 11) - *First Reading*
Sen. Orji, Theodore Ahamfule (*Abia Central*).
4. Communication Tax Bill, 2019 (SB. 12) - *First Reading*
Sen. Ndume, Mohammed Ali (*Borno South*).
5. Private Hospitals Regulation Bill, 2019 (SB. 13) - *First Reading*
Sen. Oduah, Stella Adaeze (*Anambra North*).

ORDERS OF THE DAY

MOTIONS

1. Urgent need to review and recover additional revenue accruable to the government of the Federation from the Production Sharing Contracts pursuant to Section 16 of the Deep Offshore and Inland Basin Production Sharing Contract Act CAP D3 LFN 2004 and amend the Extant Act.

Sponsor: Sen. Ubah, Ifeanyi Patrick (*Anambra South*) \$ 30 Others

Co-sponsors:

- | | |
|---|---|
| Sen. Akpan, Albert Bassey (<i>Akwa-Ibom North East</i>) | Sen. Abdullahi, Aliyu Sabi (<i>Niger North</i>) |
| Sen. Jika, Dauda Halliru (<i>Bauchi Central</i>) | Sen. Dahiru, Aishatu Ahmed (<i>Adamawa Central</i>) |
| Sen. Sani, Uba (<i>Kaduna Central</i>) | Sen. Yakubu, Oseni (<i>Kogi Central</i>) |
| Sen. Oduah, Stella Adaeze (<i>Anambra North</i>) | Sen. Barau, I. Jibrin (<i>Kano North</i>) |
| Sen. Adeola, Solomon Olamilekan (<i>Lagos West</i>) | Sen. Kalu, Orji Uzor (<i>Abia North</i>) |
| Sen. Boroffice, Robert Ajayi (<i>Ondo North</i>) | Sen. Yaroe, Binos Dauda (<i>Adamawa South</i>) |
| Sen. Musa, Mohammed Sani (<i>Niger East</i>) | Sen. Mandiya, Bello (<i>Katsina South</i>) |
| Sen. Gobir, Ibrahim Abdullahi (<i>Sokoto East</i>) | Sen. Akwashiki, Godiya (<i>Nasarrawa North</i>) |

Sen. Adamu, Muhammad Aliero (Kebbi Central)
Sen. Eyakenyi, Akon Etim (Akwa-Ibom South)
Sen. Onyewuchi, Ezenwa Francis (Imo East)
Sen. Uwajumogu, Benjamin (Imo North)
Sen. Bassey, Gershom Henry (Cross River South)
Sen. Suswam, Gabriel Torwua (Benue North East)
Sen. Ekwunife, Uche Lillian (Anambra Central)

Sen. Balogun, Kola Ademola (Oyo South)
Sen. Moro, Patrick Abba (Benue South)
Sen. Fadahunsi, Francis Adenigba (Osun East)
Sen. Akinyelure, Patrick Ayo (Ondo Central)
Sen. Ordia, Akhimienmona Clifford (Edo Central)
Sen. Bamidele, Michael Opeyemi (Ekiti Central)
Sen. Tinubu, Oluremi Shade (Lagos Central)

The Senate:

Notes with concern that the Senate Committee on Petroleum Resources Upstream has over several years been inundated with a plethora of petitions and complaints and has suo motu observed that the Government of the Federation has lost several billions of United States dollars in potentially accruable revenue due to the non-review and amendment of the salient provisions of the Deep Offshore and Inland Basin Production Sharing Contract Act Cap D3 LFN 2004 and especially section 16 of the Act which regulates the sharing of additional revenue between the Nigerian National Petroleum Corporation (NNPC) and the various Production Sharing Contract oil companies;

Aware that Production Sharing Contract (PSC) is a contractual arrangement for petroleum exploration and production whereby the state as owner of the petroleum resources engages a contractor to provide technical and financial services for exploration and production operations for an agreed share in profit oil after payments of royalty, cost and tax oil, and that this contractual arrangement were offered by the Federal Government of Nigeria in the 1991 licensing round and its terms was codified into a legislation namely, the Deep Offshore and Inland Basin Production Sharing Contract Act Cap D3 LFN 2004 (PSC Act) which became effective on January 1, 1993;

Notes that Nigeria presently has seven fields from the 1993 PSCs which are currently in production, namely:

- Abo (OML 125) - operated by ENI;
- Agbami-Ekoli (OML 127 and OML 128) - operated by Chevron;
- Akpo and Egina (OML 130) - operated by Total and South Atlantic Petroleum;
- Bonga (OML 118) - operated by Shell;
- Erha (OML 133) - operated by ExxonMobil;
- Okwori and Nda (OML 126) - operated by Addax; and
- Usan (OML 138) - operated by ExxonMobil;

Observes that currently and moreso in the near and foreseeable future, the PSCs will continue to play an increasingly dominant role in terms of contribution to Nigeria oil and gas production by contract arrangement because relative to the production from the Joint Venture Contract arrangement, the PSCs contribution rose from 0.50% (4,000,348 barrels) to 18.70% (193,143,992 barrels) per annum between 1998 and 2005 and its contribution has grown since the year 2006 from 18.37% (188,479,413 barrels) to over 39% (199,254,000 barrels) per annum in 2018;

Concerned that inspite of the high contribution of PSCs to total production, the contribution of revenue per barrel of PSCs oil in terms of government take is significantly lower than the contribution of revenue per barrel of Joint Venture oil largely because of the harsh and inequitable terms of the Production Sharing Contracts and the failure to review the salient provisions of the PSC Act;

Notes that section 16 of the PSC Act provides that where the price of crude oil exceeds US\$20 per barrel, the PSC Act will be reviewed to ensure that the share of the Federal Government of Nigeria (FGN) in the additional revenue is adjusted to the extent that the PSCs shall be economically beneficial to the FGN and that in any event, the PSC Act may be reviewed after 15 years from its commencement in 1993 and every 5 years thereafter;

Notes that the PSC Act recognizes and anticipates the necessity for post execution and periodic review of the Act to ensure that government derives maximum and equitable benefits from the PSCs and, to wit, set out the following review incidents and datelines in the Act:

- Price-induced review of the provisions of the PSC Act – that is, a review to be undertaken whenever the price of crude oil exceeds US\$20 per barrel, real terms, in order to increase revenue accruable to the Government of the Federation from the PSCs;
- Review of the entire provisions of the PSC Act (including sharing-formula provisions contained in the Act) 15 years after the commencement of the Act in 1993; and
- Review of the entire provisions of the PSC Act every 5 years thereafter;

Observes that no review of the Act was undertaken at the statutorily stipulated price-induced and/or anniversary-induced datelines, specifically:

- when crude oil price exceeded US\$20 in 2004;
- at the 15th year anniversary of the PSC Contract, specifically on the 1st day of January 2008; and
- at every 5th anniversary post the 15th year anniversary of the Production Sharing Contract (which are the 1st day of January, 2013 and the 1st day of January, 2018);

Notes that several unsuccessful efforts have been made in the past to review or amend the PSC Act through private members and government sponsored bills in the 8th and other preceding sessions of this National Assembly;

Observes that there is a subsisting ruling alongside a consent judgment (Terms of Settlement) of the Supreme Court (SC/964/2016) delivered on the 17th day of October, 2018 emanating from a suit titled Suit No. SC/964/2016 commenced in 2016 by the Attorneys-General of Akwa Ibom, Bayelsa and Rivers States (as plaintiffs) against the Attorney-General of the Federation (as defendant), pursuant to the original jurisdiction of the Supreme Court, which sought to compel the Federal Government to review the PSC Act as stipulated in section 16 and to recover arrears of revenues which would have accrued to the Federal Government and by extension to the Plaintiff-states (through their constitutional entitlement to derivation) covering the years the provisions of section 16 were not reviewed and amended;

Notes that up till date, the PSC Act has not been reviewed and/or amended to ensure that government derives maximum and equitable benefits from the PSCs as provided in the Act;

Notes that as a result of the non-review and amendment of the PSC Act, the Federal Government has lost about US\$21 billion (about N7trillion) over a period of 20 years due to the failure to review and amend the PSC Act as stated by the Honourable Minister of State for Petroleum Resources following the meeting of the Federal Executive Council on the 14th day of December, 2017;

Notes that Nigeria, having lost trillions of naira due to non-review of the PSC Act, stand to gain an additional sum above 30billion naira monthly (360billion annually) if the Act is reviewed and amended which would boost our revenue base significantly;

Observes that the principal role of the National Assembly is to make or amend subsisting laws of the Federation of Nigeria, which power is derived from the provisions of section 4 of the *Constitution of the Federal Republic of Nigeria 1999 (as amended)* and exercised through the passing of bills as provided in section 58 of the same constitution;

Convinced of the need to thoroughly investigate the reasons for the failure to review the salient provisions of the PSC Act, identify the best fiscal regime for the PSCs and review the provisions of the PSC Act to ensure that beyond the crude oil price of US\$20, the share of the Federal Government of Nigeria (FGN) in the additional revenue is adjusted to the extent that the PSCs shall be economically beneficial to the FGN in accordance with the provisions of the Act; and

Further convinced of the need to review the provisions of the PSC Act to ensure that the Federal Government and by implication the states entitled to derivation recover arrears of revenues which would have accrued to the Federal Government and the states afore-said covering the years the provisions of section 16 of the PSC Act were not reviewed and implemented. In line with the sheer patriotism of the ably focused 9th Senate that works for Nigeria.

Accordingly resolves to:

- Jude H. H.
- i. *Mandate the Senate Committee on Petroleum Resources Upstream to investigate the reasons for the failure to review the salient provisions of the PSC Act, identify the best fiscal regime for the PSCs and review the provisions of the PSC Act to ensure that beyond the crude oil price of US\$20, the share of the Federal Government of Nigeria (FGN) in the additional revenue is adjusted in accordance with the provisions of the Act;*
 - X ii. *Further mandate the Senate Committee on Petroleum Resources Upstream to recover arrears of revenues which would have accrued to the Federal Government and by implication the states entitled to derivation covering the years the provisions of section 16 of the PSC Act were not reviewed and implemented; and*
 - X iii. *Direct its committee on Petroleum Upstream to come up with a Bill on the Amendment of the PSC Act;*
2. The need to check Illegal Mining activities in the country.

Sponsor: Sen. Alhaji, Ya'u Sahabi (Zamfara North)

Co-sponsors:

Sen. Abdullahi, Yahaya Abubakar (Kebbi North)	Sen. Suswam, Gabriel Torwua (Benue North East)
Sen. Abaribe, Ehyinnaya Harcourt (Abia South)	Sen. Umar, Sadiq Suleiman (Kwara North)
Sen. Abdullahi, Aliyu Sabi (Niger North)	Sen. Boroffice, Robert Ajayi (Ondo North)
Sen. Adamu, Muhammad Aliero (Kebbi Central)	Sen. Adeola, Solomon Olamilekan (Lagos West)
Sen. Alkali, Saidu Ahmed (Gombe South)	Sen. Akinyelure, Patrick Ayo (Ondo Central)
Sen. Barau, I. Jibrin (Kano North)	Sen. Al-Makura, Umaru Tanko (Nasarawa South)
Sen. Bamidele, Michael Opeyemi (Ekiti Central)	Sen. Barkiya, Abdullahi Kabir (Katsina Central)
Sen. Ibrahim, Gobir (Sokoto North)	Sen. Shehu, Tambuwal Abubakar (Sokoto South)
Sen. Hassan, Mohammed Gusau (Zamfara Central)	Sen. Lawal, Hassan Anka (Zamfara West)
Sen. Kwari, Suleiman Abdul (Kaduna North)	Sen. Musa, Mohammed Sani (Niger East)
Sen. Balla, Na'allah (Kebbi South)	Sen. Kalu, Orji Uzor (Abia North)
Sen. Tanimu, Philip Aduda (FCT)	Sen. Nnamani, Chimaroke Ogbornia (Enugu East)
Sen. Manager, James Ebiowou (Delta South)	Sen. Akwashiki, Godiya (Nasarawa North)
Sen. Ekwunife, Uche Lilian (Anambra Central)	Sen. Sankara, D. Abdullahi (Jigawa North-West)
Sen. Bwacha, Emmanuel (Taraba South)	Sen. Fadahunsi, Francis Adenigba (Osun East)
Sen. Dahiru, Aishatu Ahmed (Adamawa Central)	Sen. Ubah, Ifeanyi Patrick (Anambra South)

The Senate:

32 Others

Notes that Nigeria is rich in over 40 types of minerals, with the solid minerals sector proving to be a potential source of economic development and diversification of the economy;

Also notes that exploration and exploitation of mineral resources in the country dates back to 1902 with the production of Tin, Coal and a considerable ton of Gold annually;

Acknowledges that the objective of the National Policy on Solid Minerals is to ensure orderly development of mineral resources for the country;

Saddened that over the years, illegal mining activities has continued to increase across the country, especially in Niger, Plateau, Zamfara, Enugu, Ebonyi and Imo states respectively, where it thrives without check;

Distressed that illegal mining sites not only breed criminality, but also exacerbates into full scale terrorism and insurgency witnessed in these states, especially, Zamfara state, where the state of insecurity could be traced to these illegal mining sites;

Aware that in August, 2018 the Punch on-line reported that over two million people depend on illegal mining for their livelihood;

Observes that illegal artisanal mining accounts for over 80% of mining in Nigeria, and this is largely informal activity, without any revenue accruals to the government;

Worried that due to illegal mining, the solid mineral sector's contribution to the gross domestic product, GDP of the country has dwindled over time, showing that while Nigeria gets less from the sector, other African countries enjoy significant contribution from the sector to their GDP. For example, the sector contributes over 40% to the GDP of Botswana; and in Congo and South Africa, it is about 25% and 18% respectively;

Further worried that despite causing the national GDP to be unattainable, the affected states, especially Zamfara state is greatly short-changed economically; and

Concerned that the occupational health and environmental impact on the country is incalculable as witnessed in the tragic lead poisoning that claimed several lives in Zamfara state not too long ago.

Accordingly resolves to:

- Mandate the Comm on Solid Min, & Metallurgy*
- ✓ i. Call on the Federal Government to develop a national legal framework in response to illegal artisanal mining;
 - ✓ ii. Call on the Federal Government to further clean up the affected areas of the lead poisoning in Zamfara state; and *Niger State*
 - ✓ iii. Rehabilitate the victims of the after effect of lead poisoning and environmental degradation in Zamfara state.

3. Urgent need to reform the Housing Policy and Mortgage Financing in Nigeria to meet the escalating housing demand in the country.

Sponsor: Sen. Akpan, Albert Bassey (Akwa-Ibom North East)

Co-sponsors:

Sen. Suswam, Gabriel Torwua (Benue North East)

Sen. Bassey, Gershon Henry (Cross River South)

Sen. Oko, Rose Okoji (Cross River North)

Sen. Adeola, Solomon Olamilekan (Lagos West)

Sen. Ekpenyong, C. Stephen (Akwa-Ibom North West)

Sen. Fadahunsi, Francis Adenigba (Osun East)

Sen. Tanimu, Phillip Aduda (FCT)

Sen. Mandiya, Bello (Katsina South)

Sen. Musa, Mohammed Sani (Niger East)

Sen. Manager, James Ebiowou (Delta South)

Sen. Eyakenyi, Akon Etim (Akwa-Ibom South)

The Senate:

Aware that shelter is one of the basic needs of man and ranks next only to air, food, water, sleep and constitutes the largest expenditure item of an average household;

Observes that in Nigeria, the low/middle class income earners constitute the largest active population making affordable houses a herculean task in their life time;

Recalls that the creation of National Housing Fund through the National Housing Fund (NHF) Act of 1992 was to cater for the majority of Nigerians in line with the various National Housing Policies and the various international Conventions/Treaties like the Universal Declaration of Human Rights 1948, International Convention on Economic, Social and Cultural Rights 1966, on affordable housing to which the country is a signatory;

Also recalls that by virtue of the provisions of the NHF Act, a working-class Nigerian is required to contribute 2.5% of his or her monthly salary to the fund which provides the source of funding to the Primary Mortgage Institutions (PMIs);

Worried that access to the fund through the PMI is cumbersome due to stringent and complex eligibility criteria which makes the development of housing through the fund challenging or practically impossible to

date. For example, since the creation of the Fund in 1992, the Federal Mortgage Bank of Nigeria (FMBN) has as at 2013, disbursed only N100.5b. In 2015, out of 4 million registered contributors to the fund, only 60,000 (1.5%) were able to access mortgage loans through the funds, leading to the construction of only 40,653 houses across the country;

Alarmed that the National Housing Policy projections of government by 2020 provides for a minimum of 17.5 million housing schemes in the country to cater for the projected population growth of 200 million Nigerians, this vision is practically unattainable;

Concerned that the NHF caters for only the housing needs of the working-class contributors whereas 80% of the active population of Nigeria remains unemployed;

Worried that the disbursement limit through the fund was reviewed from 5 million to 10 million and 15 million 25 years ago and has remained so till date despite drastic economic changes over the years; and

Further worried that there exist little or no impact of the National Social Housing Development Programme in the country over the years and owing to the escalating population growth in our country, there is a dire and urgent need for a total review of our National Housing Policy framework to meet the needs of our people, especially the poorest Nigerians in line with the various international Conventions/Treaties of which Nigeria is a signatory.

Accordingly resolves to:

- i. *Mandate* the Committee on Housing to urgently work out modalities with the various stakeholders in the National Housing Development sector to ensure the implementation of affordable housing across the country to cater for the ever-increasing population and most especially the poorest Nigerians.

4. The need to ensure immediate commencement of the Oil and Gas Research Centre and Museum, Oloibiri, Bayelsa State – Nigeria's first oil field.

Sponsor: Sen. Degi-Eremienyo, W.Biobarakuma (*Bayelsa East*)

Co-Sponsors:

Sen. Sekibo, George Thompson (*Rivers East*)
 Sen. Manager, James Ebiowou (*Delta South*)
 Sen. Barkiya, Abdullahi Kabir (*Katsina Central*)
 Sen. Oloriegbe, Yahaya Ibrahim (*Kwara Central*)
 Sen. Bima, Muhammad Enagi (*Niger South*)
 Sen. Jika, Dauda Halliru (*Bauchi Central*)
 Sen. Hadejia, Hassan Ibrahim (*Jigawa North-East*)
 Sen. Yusuf, Abubakar Yusuf (*Taraba Central*)
 Sen. Ekpenyong, C. Stephen (*Akwa-Ibom North West*)
 Sen. Bamidele, Micheal Opeyemi (*Ekiti Central*)
 Sen. Osinowo, Sikiru Adebayo (*Lagos East*)
 Sen. Oriolowo, Adelere Adeyemi (*Osun West*)
 Sen. Ishaku, Elisha Cliff (*Adamawa North*)

Sen. Al-Makura, Umaru Tanko (*Nasarawa South*)
 Sen. Mpigi, Barinada (*Rivers South-East*)
 Sen. Adeola, Solomon Olamilekan (*Lagos West*)
 Sen. Akwashiki, Godiya (*Nasarawa North*)
 Sen. Kwari, Suleiman Abdu (*Kaduna North*)
 Sen. Umar, Sadiq Suleiman (*Kwara North*)
 Sen. Musa, Mohammed Sani (*Niger East*)
 Sen. Mandiya, Bello (*Katsina South*)
 Sen. Ubah, Ifeanyi Patrick (*Anambra South*)
 Sen. Sani, Uba (*Kaduna Central*)
 Sen. Adetunmbi, Olubunmi Ayodeji (*Ekiti North*)
 Sen. Longjan, Ignatius Datong (*Plateau South*)

The Senate:

Notes that the first oil well in Nigeria was discovered in commercial quantity in Oloibiri in present day Bayelsa State by Shell Petroleum Development Company on 15th January, 1956 with a production capacity of 5,100 barrels per day;

Also notes that export of crude oil from the Oloibiri field started in 1958 and shortly after, crude oil became the main stay of the economy. Consequently, changing Nigeria's oil history haven launched the country into the elite club of oil producers, astronomically increased her foreign exchange earnings;

Further notes that about 63 years after discovery, exploitation and production of crude oil, the Oloibiri oil field and surrounding host communities had suffered neglect and environmental degradation. Land, water and air was constantly polluted due to the activities of the oil companies. The inhabitants of the area had suffered and some even died from epidemics and terminal diseases due to oil spills and flaring of natural Gas in addition to damage of their source of livelihood;

Concerned that today, Oloibiri oil field (well) which is the first oil well in west Africa is now dried after several decades of production. Sadly, the field is covered with rust, weeds and marked with weather beaten sign board with inscription Oloibiri Well 1;

Observes that in other climes where crude oil was first found, notably, the Little Titusville in Pennsylvania United states of America, Manama, Bahrain in Asia, Government develops heritage Institutions such as oil Museum and Research Centres, Industrial parks etc;

Recalls that in recognition of the importance of the first oil field (well) and the need to develop the great foreign exchange earning tourism potentials of the area as well as improve the standard of living of inhabitants of the communities, the idea to build a national world class Museum of Oil and Gas was conceptualized, designed and foundation stone equally laid by President Shehu Shagari in 1983. The progress of the project was however halted no sooner than it commenced;

Disturbed that in the same vein, another foundation stone of the Museum was laid by Former president Olusegun Obasanjo in 2001 but still the area is a sad commentary of the Oil and Gas Industry in Nigeria. It shows no trace that it was the place where oil was first drilled and exported;

Disturbed further that much later, the Nigeria National Petroleum Corporation (NNPC) presented an Act to establish the National Oil and Gas Museum and Research Centre in Oloibiri and recommended the construction of the Museum and the Research Centre with clear budgetary allocation from the Federal Government under the control and management of the National Commission for Museum and Monuments. Again, no progress was made being a clear case of neglect and abandonment;

Worried that though the Federal Government removed the project from National Commission for Museum and Monuments and domiciled it with the Petroleum Technology Development Fund (PTDF) in 2011, the project still remains moribund; and

Further worried that the contract for the construction of the Oil and Gas Research Center and Museum as re-awarded by PTDF valued at about thirty-five billion naira (N35,000,000,000) is yet to commence, leaving the inhabitants of the host communities with the negative memories of oil exploration and production.

Accordingly resolves to:

- i. *Commend* the Federal Government for the conceptualization, design and award of contract for the establishment of the Oil and Gas Research Centre and Museum in Oloibiri, the first oil field in Nigeria to promote tourism and improve the socio-economic wellbeing of the people;
- ii. *Urge* the Federal Government to give priority attention to the development of heritage institutions such as the Oloibiri Oil and Gas Research Centre and Museum as a constant reminder and enrichment of the history of our socio-economic development;
- iii. *Urge* the Federal Government to direct PTDF and the concerned contractors to mobilize to site, commence the immediate construction of the Oil and Gas Research Centre and Museum at Oloibiri; and
- iv. *Direct* relevant Senate Committees to carry out intensive oversight on the implementation of this project.