



SENATE OF THE FEDERAL REPUBLIC OF NIGERIA VOTES AND PROCEEDINGS

Thursday, 18th September, 2008

1. The Senate met at 10.15 a.m. The Senate President read prayers.
2. **Votes and Proceedings:**
The Senate President announced that he had examined the Votes and Proceedings of Wednesday, 17th September, 2008 and approved same.

By unanimous consent, the Votes and Proceedings were approved.

3. **Presentation of Bills:**
 - (i) Prohibition of Touting in Public Places Bill 2008 (SB. 164) — *Read the First Time.*
 - (ii) Highways (Prohibition of Trading or Commercial Activity) Bill 2008 (SB. 165) — *Read the First Time.*

4. Committee on Women Affairs and Youth Development:
Report on National Commission for Eradication of Child Destitution Bill 2008 (SB. 84):

Consideration of Bill deferred to the next legislative day.

5. Committee on Communications:
Report on the Nigerian Communications Commission 2008 Budget Proposal:
Motion made: That the Senate do receive and consider the Report of the Committee on Communications, on the Nigerian Communications Commission 2008 Budget Proposal and approve the recommendations therein (*Senator Sylvester N. Anyanwu*).

Question put and agreed to.

Report presented.

Recommendations:

NIGERIAN COMMUNICATIONS COMMISSION BUDGET 2008

DESCRIPTION	2008 BUDGET
1. REVENUE	
Licensing Fees	1,345,981,000.00
Annual Operating Levy	15,265,997,000.00
Spectrum Fees Numbering	4,280,715,000.00
Plan Administrative	1,945,164,000.00
Charges Type Approval	67,860,000.00
Fees Investment Income	54,035,000.00
Sundry Income Bal.	1,850,000,000.00
Brought Forward	30,000,000.00
	4,845,611,000.00
TOTAL REVENUE	29,685,363,000.00
Adjusted Real Revenue	25,404,648,000.00
2. Less Payments:	
Recurrent Expenditure:	
Establishment Costs	56,209,000.00
Employee's Compensation	2,278,508,000.00
Travel Costs	210,909,000.00
Operational Costs	646,615,000.00
Administration Costs	484,448,000.00
Bank Charges	35,000,000.00
Total Recurrent Expenditure	3,711,689,000.00
Capital Expenditure	9,586,560,000.00
Special Projects	
Wire Nigeria Project	3,400,000,000.00
Total Special Projects	3,400,000,000.00
Total Expenditure	16,698,249,000.00
Transfer to Federal Government Treasury	1,100,000,000.00

Transfer to Spectrum Fees	4,280,715,000.00
Transfer to Universal Service Fund	6,106,399,000.00
Transfer to Investment Fund	1,500,000,000.00
3. 2008 Capital Expenditure Budget (1): Nigerian Communications Commission (NCC)	
Internal Capital Projects	720,153,345.00
Digital Bridge Institute (DBI)	
Construction of DBI Hostel (Abuja)	2,500,000,000.00
DBI Institutes (Lagos and Kano)	2,108,818,000.00
Emergency Communication Centres	
Construction of Emergency Communication Centres	1,080,000,000.00
Equipment for Emergency Communication Centres	562,500,000.00
School Support Programme	
School Support Programme	2,615,088,598.00
TOTAL EXPENDITURE	9,586,559,943.00

(Senator Sylvester N. Anyanwu).

Debate:

Amendment Proposed:

Aware that the Nigerian Communications Commission 2008 Budget Proposal was submitted to the National Assembly later than stipulated by the Nigerian Communications Act 2003; but

Concerned that the continued delay in approving the budget would hamper the operations of the Commission.

Resolve that:

- (i) the 2008 Budget Proposal of the Nigerian Communications Commission be considered as presented by the Committee on Communications; and
- (ii) the Commission be strongly advised to adhere to the provisions of the Nigerian Communications Commission (NCC) Act in presenting its future annual budgets (*Senator Bassey Ewa-Henshaw*).

Question that amendment be made, put and agreed to:

Resolved:

- (i) That the 2008 Budget Proposal of the Nigerian Communications Commission be considered as presented by the Committee on Communications; and
- (ii) That the Commission be strongly advised to adhere to the provisions of the Nigerian Communications Commission (NCC) Act in presenting its future annual budgets (**S. Res/007/2/08**).

Motion made: That the Senate do now approve the Report of the Committee on Communications on the Nigerian Communications Commission 2008 Budget Proposal (*Senate Leader*).

Question put and agreed to:

Report of the Committee on Communications on the Nigerian Communications Commission 2008 Budget Proposal accordingly approved.

6. Committee on Petroleum Upstream:

Report on the Investigation of the Petition by Oando Plc:

Motion made: That the Senate do receive and consider the Report of the Senate Committee on Petroleum Upstream, on the Investigation of the Petition by Oando Plc on the Allegations Leveled against the Nigerian Agip Oil Company (NAOC) on the Operation of OML 125 and 134 and approve the recommendations therein (*Senator Lee Maeba*).

Question put and agreed to.

Report accordingly presented and Laid.

Debate:

Recommendations:

- (i) That the divestment of SNEPCO's 49.81 % participating interest in OML 125 and OML 134 to Oando contained in the Sale and Purchase Agreement executed between Oando and SNEPCO on the 22nd of February 2008 was validly executed and is hereby sustained. Consequently, the Minister of State for Energy (Petroleum) should issue an order and supervise the transfer of the said participating interest to Oando forthwith;
- (ii) That Oando should forthwith own 49.81 % participating interest in OML 125 and OML 134 while NAE should retain its 51.19% and its status as the operator of both fields;
- (iii) That the Honourable Minister should halt forthwith the illegal operation of OML 125 and OML 134 and regularise the anomalies and illegalities identified in the previous assignments by granting consent to the assignment of the 49.81% participating interest to Oando. The Minister should also publish forthwith this assignment in the Federal Gazette;
- (iv) That all oil and gas companies operating in Nigeria must consider Ministerial Consent as fundamental to the legal validity of any assignment of oil prospecting licence or oil mining lease in Nigeria as our laws empower the Minister to ensure that the Joint Operating Agreement to be signed by companies do not jeopardise the interest of Nigerians and companies controlled directly or indirectly by Nigerian citizens;
- (v) That all existing Joint Operating Agreements and assignment of interests in oil prospecting licences and oil mining leases in the oil and gas industry must be subjected to the appropriate review and receive Minister's consent before they become operative;
- (vi) That the insertion of 'right of pre-emption' into Joint Operating Agreements by foreign oil and gas companies which is not approved by the Minister and which is fashioned to disenfranchise Nigerians and companies controlled directly or indirectly by Nigerian citizens is against public policy in Nigeria and against the principles of laws regulating the operation of the Nigerian oil and gas industry. The use of such clauses in Joint Operating Agreements against Nigerians and companies controlled by Nigerians should be totally abolished;
- (vii) That the issue of Nigerian content development and enhancement of the participation of Nigerian companies in the Nigerian oil and gas industry is a paramount consideration in the granting of Ministerial consent; and

- (viii) That all existing oil prospecting licences and oil mining leases should be investigated and examined by the appropriate authorities to ensure compliance with existing laws regulating the Nigerian oil and gas industry (*Senator Lee Maeba*).

Debate:

Recommendation (i):

That the divestment of SNEPCO's 49.81 % participating interest in OML 125 and OML 134 to Oando contained in the Sale and Purchase Agreement executed between Oando and SNEPCO on the 22nd of February 2008 was validly executed and is hereby sustained. Consequently, the Minister of State for Energy (Petroleum) should issue an order and supervise the transfer of the said participating interest to Oando forthwith — *Agreed to*.

Recommendation (ii):

That Oando should forthwith own 49.81 % participating interest in OML 125 and OML 134 while NAE should retain its 51.19% and its status as the operator of both fields — *Agreed to*.

Recommendation (Hi):

That the Honourable Minister should halt forthwith the illegal operation of **OML** 125 and OML 134 and regularise the anomalies and illegalities identified in the previous assignments by granting consent to the assignment of the 49.81 % participating interest to Oando. The Minister should also publish forthwith this assignment in the Federal Gazette — *Agreed to*.

Recommendation (iv):

That all oil and gas companies operating in Nigeria must consider Ministerial Consent as fundamental to the legal validity of any assignment of oil prospecting licence or oil mining lease in Nigeria as our laws empower the Minister to ensure that the Joint Operating Agreement to be signed by companies do not jeopardise the interest of Nigerians and companies controlled directly or indirectly by Nigerian citizens — *Agreed to*.

Recommendation (v):

That all existing Joint Operating Agreements and assignment of interests in oil prospecting licences and oil mining leases in the oil and gas industry must be subjected to the appropriate review and receive Minister's consent before they become operative — *Agreed to*.

Recommendation (vi):

That the insertion of 'right of pre-emption' into Joint Operating Agreements by foreign oil and gas companies which is not approved by the Minister and which is fashioned to disenfranchise Nigerians and companies controlled directly or indirectly by Nigerian citizens is against public policy in Nigeria and against the principles of laws regulating the operation of the Nigerian oil and gas industry. The use of such clauses in Joint Operating Agreements against Nigerians and companies controlled by Nigerians should be totally abolished.

Amendment Proposed:

Immediately after the word "Minister" in line 2, *insert* the words "should be stopped" and delete the rest of the words (*Senator Bassey Ewa-Henshaw*).

Question that the amendment be made, put and agreed to.

Recommendation (vii):

That the issue of Nigerian content development and enhancement of the participation of Nigerian companies in the Nigerian oil and gas industry is a paramount consideration in the granting of Ministerial consent — *Agreed to*.

Recommendation (viii):

That all existing oil prospecting licences and oil mining leases should be investigated and examined by the appropriate authorities to ensure compliance with existing laws regulating the Nigerian oil and gas industry — Agreed to.

Resolved:

(i) That the divestment of SNEPCO's 49.81 % participating interest in OML 125 and OML 134 to Oando contained in the Sale and Purchase Agreement executed between Oando and SNEPCO on the 22nd of February 2008 was validly executed and is hereby sustained. Consequently, the Minister of State for Energy (Petroleum) should issue an order and supervise the transfer of the said participating interest to Oando forthwith;

(ii) That Oando should forthwith own 49.81 % participating interest in OML 125 and OML 134 while NAE should retain its 51.19% and its status as the operator of both fields;

(Hi) That the Honourable Minister should halt forthwith the illegal operation of OML 125 and OML 134 and regularise the anomalies and illegalities identified in the previous assignments by granting consent to the assignment of the 49.81% participating interest to Oando. The Minister should also publish forthwith this assignment in the Federal Gazette;

(iv) That all oil and gas companies operating in Nigeria must consider Ministerial Consent as fundamental to the legal validity of any assignment of oil prospecting licence or oil mining lease in Nigeria as our laws empower the Minister to ensure that the Joint Operating Agreement to be signed by companies do not jeopardise the interest of Nigerians and companies controlled directly or indirectly by Nigerian citizens;

(v) That all existing Joint Operating Agreements and assignment of interests in oil prospecting licences and oil mining leases in the oil and gas industry must be subjected to the appropriate review and receive Minister's consent before they become operative;

(vi) That the insertion of 'right of pre-emption' into Joint Operating Agreements by foreign oil and gas companies which is not approved by the Minister should be stopped;

(vii) That the issue of Nigerian content development and enhancement of the participation of Nigerian companies in the Nigerian oil and gas industry is a paramount consideration in the granting of Ministerial consent; and

(viii) That all existing oil prospecting licences and oil mining leases should be investigated and examined by the appropriate authorities to ensure compliance with existing laws regulating the Nigerian oil and gas industry (5. Res/008/2/08).

7. Desertification Control Commission Bill 2008 (SB. 09):

Consideration of Bill deferred to another legislative day.

8. Gas Flaring (Prohibition and Punishment) Bill 2008 (SB.126):

Consideration of Bill deferred to another legislative day.

9. Prohibition of Monopolies in Trade, Commerce or Industry Bill 2008 (SB.87):

Consideration of Bill deferred to another legislative day.

10. Adjournment:

Motion made: That the Senate do adjourn till Tuesday, 7th October, 2008 at 10.00 a.m. (Senate Leader).

Adjourned accordingly at 12.40 p.m.

David A. B. Mark, GCON

President,

Senate of the Federal Republic of Nigeria.