



SENATE OF THE FEDERAL REPUBLIC OF NIGERIA

VOTES AND PROCEEDINGS

Tuesday, 15th April, 2008

1. The Senate met at 10.20 a.m. The Deputy Senate President read prayers.
2. Votes and Proceedings:
The Deputy Senate President announced that he had examined the Votes and Proceedings of Thursday, 10th April, 2008 and approved same.

By unanimous consent, the Votes and Proceedings were approved.

3. Presentation of Bills:
 - (i) National Infrastructures, Energies and Socio-Economic Development Commission Bill 2008 (SB. 85) — *Read the First Time.*
 - (it) Discrimination and Related Offences (Prohibition and Punishment) Bill 2008 (SB. 89) — *Read the First Time.*

4. Committee on Establishment and Public Service:
Report on the Skill Acquisition and Development Bill 2008.

Laying of Report deferred to another legislative day.

5. Committee on Petroleum Resources (Upstream):
Report on the Nigerian Oil and Gas Industry Content Development Bill 2008 (SB. 81):
Motion made and Question Proposed: That the Senate do resume consideration of the Report of the Committee on Petroleum Resources (Upstream) on the Nigerian Oil and Gas Industry Content Development Bill 2008 (*Adjourned Debate on Question - Thursday, 13th March, 2008*) (*Senator Lee L. Maeba*).

Question put and agreed to.

Motion made and Question Proposed: That the Senate do resolve into the Committee of the Whole to resume consideration of the Report (*Senate Majority Leader*).

Question put and agreed to.

(SENATE IN THE COMMITTEE OF THE WHOLE) A BILL FOR AN ACT TO

PROVIDE FOR THE DEVELOPMENT OF NIGERIA CONTENT IN THE NIGERIAN OIL
AND GAS INDUSTRY; FOR NIGERIAN CONTENT PLAN; FOR SUPERVISION, COORDINATION, MONITORING AND
IMPLEMENTATION OF NIGERIAN CONTENT AND FOR MATTERS INCIDENTAL THERETO.

Clause 21: Designation of Contract for Review:

The Board will advise the operator, by the first day of each quarter, which contracts, subcontracts and purchase orders have been designated by the Board for review. The Board shall be informed of all additions and changes to the forecast and shall advise the operator of its contract review requirements accordingly.

Committee's Recommendation:

Leave out the provision in Clause 21 and *insert* the following instead thereof: "Subject to Section 19 of this Act, the Board shall advise the operator, by the first day of each quarter, which contracts and sub-contracts have been designated by the Board for review and shall advise the operator of the outcome of such contract review" (*Senator Lee L. Maeba*) — *Agreed to.*

Question that Clause 21 as recommended do stand part of the Bill, put and agreed to.

Clause 22: Document to be Submitted to the Board during Prequalification Stage:

Prior to issuing a prequalification notification to prospective bidders, the operator shall submit to the Board the following:

- (a) a description of the scope of work;
- (b) a copy of the prequalification notification, if these documents differ from the standard prequalification notification previously reviewed by the Board;
- (c) a list of companies, indicating locations of head offices, to whom questionnaires will be issued; and,
- (d) anticipated dates for closure of prequalification and issuance of a Request for Proposals (RFP) or a Request for Quotations (RFQ).

Committee's Recommendation:

That the provision in Clause 22 be retained (*Senator Lee L. Maeba*) — *Agreed to.*

Question that Clause 22 do stand part of the Bill, put and agreed to.

Clause 23: Document to be Submitted to Board during Bidders List Stage:

For purposes of compiling a bidding list for any project, the operator or alliance partner shall submit to the Board, prior to issuing a RFP or RFQ, the following:

- (a) list of bidders;
- (b) a copy of the RFP/RFQ; (the Board will advise the operator of its requirements in this regard on a case by case basis);
- (c) a description of corporate ownership (main shareholders by percentage) of bidders;
- (d) location(s) of any Nigerian based offices/plants/ facilities;
- (e) anticipated dates for closure of bids and award of contract/purchase order.
- if) Any other information requested by the Board.

Committee's Recommendation:

That the provision in Clause 23 be retained (*Senator Lee L. Maeba*) — *Agreed to.*

Question that Clause 23 do stand part of the Bill, put and agreed to.

Clause 24: Document to be Submitted to the Board during Award Stage:

Prior to the award of contract or purchase order to the selected bidder, the operator shall submit to the Board the following:

- (a) the name of the selected contractor or vendor;
- (b) a listing of designated sub-contractors or sub-vendors;
- (c) where applicable, a listing of proposed sub-contractors, sub-vendors and sub-suppliers;
- (d) for construction/service contracts; the estimated Nigerian employment (in person-hours);
- (e) contract/purchase order commencement and completion dates;
- (f) Award Notification Form signed by an appropriate official of the operator;
- (g) Statement of award rationale (evaluation of bids) showing:
 - (i) Percentage difference in price between selected bidder and each bid,
 - (ii) Primary location(s) of work associated with each bidder,
 - (iii) Estimates of Nigerian content associated with the bid of each bidder calculated in accordance with the definition of Nigerian content to be provided by the Board.

Other information relevant to the evaluation of bidders including where applicable, a summary of the technical, commercial and Nigerian content aspects of the bid evaluations.

Committee's Recommendation:

That the provision in Clause 24 be retained (*Senator Lee L. Maeba*) — *Agreed to.*

Question that Clause 24 do stand part of the Bill, put and agreed to.

Clause 25: Designation and Review of contracts:

Upon assessment of the documentation received in compliance with section 21 of this Act, the Board will advise the operator, within 10 days, which contracts, subcontracts and purchase orders have been designated by the Board for review, and the designated contracts, subcontracts and purchase orders shall be reviewed to the satisfaction of the Board.

Committee's Recommendation:

That the provision in Clause 25 be retained (*Senator Lee L. Maeba*) — *Agreed to.*

Question that Clause 25 do stand part of the Bill, put and agreed to.

Clause 26: Quarterly Procurement Report:

The operator shall submit to the Board, within thirty (30) days of the end of each quarter, a listing of all contracts, subcontracts and purchase orders exceeding \$1,000,000 (USD) or such other limit as the Board may determine, awarded in the previous quarter. This listing should provide:

- (a) A list of all items/services;
- (b) Value of contract/purchase order;
- (c) Name of successful contractor/vendor;
- (d) Primary location of work;
- (e) Estimates of Nigerian content; and,
- (f) Commencement and completion date;

Committee's Recommendation: Insert and new

Sub-Clause 26 (g) as follows:

"(g) Any other information required by the Board for purposes of implementing the provisions of this Act" (*Senator Lee L. Maeba*) — *Agreed to.*

Question that Clause 26 as recommended do stand part of the Bill, put and agreed to.

Clause 27: Establishment of Local Office:

The operator and/or its contractors shall ensure that before carrying out any project, work or activity in the industry the operator shall establish in Nigeria, to the satisfaction of the Board, a procurement office where appropriate levels of decision-making are to take place.

Committee's Recommendation:

Leave out the provision in Clause 27 and *insert* the following instead thereof: "Where applicable, before carrying out any work or activity in Nigeria, the operator or other body submitting a plan shall establish in the Local Government Area where the project is to be located, a project office where project management and procurement decision making are to take place, to the satisfaction of the Board" (*Senator Lee L. Maeba*) — *Agreed to.*

Question that Clause 27 as recommended do stand part of the Bill, put and agreed to.

Clause 28: Personnel for Local Office:

The operator shall locate within the Nigeria office, personnel with decision making authority in accordance with a list of personnel to be approved by the Board.

Committee's Recommendation:

Leave out the provision in Clause 28 and *insert* the following instead thereof:

"The operator shall locate within the project office, personnel with decision-making authority in accordance with a list of personnel to be approved by the Board" (*Senator Lee L. Maeba*) — *Agreed to.*

Question that Clause 28 as recommended do stand part of the Bill, put and agreed to.

Clause 29: Office in Community of Operation:

The Board may require operators to maintain office(s) in Communities where they have significant operations.

Committee's Recommendation:

Leave out the provision in Clause 29 and *insert* the following instead thereof: "Subject to section 27 of this Act, the Board shall have powers to require any operator to maintain office(s) in a Community where the operator has significant operations" (*Senator Lee L. Maeba*) — *Agreed to.*

Question that Clause 29 as recommended do stand part of the Bill, put and agreed to.

Clause 30: First Consideration For Employment and Training:

Subject to Section 11, subsection (b) of this Act, Nigerians shall be given the first consideration for employment and training in any project executed by any operator in the Nigerian oil and gas industry.

Committee's Recommendation:

That the provision in Clause 30 be retained (*Senator Lee L. Maeba*).

Amendment Proposed:

Immediately after the word "Act" in line 1, *insert* the word "qualified" (*Senator Uche Chukwumerije*).

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

Question that Clause 30 as amended do stand part of the Bill, put and agreed to.

Clause 31: Submission of Employment and Training Plan:

The Plan submitted by any operator for any project shall contain an Employment and Training Plan (E&T Plan). The E&T Plan shall include:

- (a) an outline of the hiring and training needs of the operator, and operators major contractors with a breakdown of the skills needed, anticipated skill shortages in the Nigerian labour force, project specific training requirements, and the anticipated expenditures that will be made directly by the operator in implementing the E&T Plan as a forecasted and actual expenditures.
- (b) a time frame for employment opportunities for each phase of project development and operations, to enable members of the Nigerian workforce to prepare themselves for such opportunities; and
- (c) an undertaking by the operator to hold employment forums and utilize electronic bulletin boards and labour exchanges to post available job positions;
- (d) The operator shall report to the Board quarterly on employment and training activities for the reporting period and compare this to the E&T Plan. The quarterly report shall include number of new employees hired during the year and their place of residence at the time of hiring and their employment status.

Committee's Recommendation:

Leave out the provision in Sub-Clause 31 (d) and insert new Sub-Clause 31 (d) as follows:

"(d) Any other information required by the Board for purposes of implementing the provisions of this Act" (Senator Lee L. Maeba) — Agreed to.

Question that Clause 31 as recommended do stand part of the Bill, put and agreed to.

Clause 32: Training of Nigerians:

Where Nigerians are not employed because of their lack of training, the operator shall ensure, to the satisfaction of the Board that every reasonable effort is made within a reasonable time to supply such training locally or elsewhere. Such effort and the procedure for its execution shall be contained in the operator's E&T Plan.

Committee's Recommendation:

That the provision in Clause 32 be retained (Senator Lee L. Maeba) — Agreed to.

Question that Clause 32 do stand part of the Bill, put and agreed to.

Clause 33: Requirement for succession plan and Nigerianization of positions:

- (1) For each of its operations, the operator shall submit to Board a succession plan for any position not held by Nigerians. Such succession plan shall provide for Nigerians to understudy each incumbent expatriate for a maximum period of 4 years. At the end of the 4 year period the position shall become Nigerianized.
- (2) All Nigerianized positions shall attract salaries, wages and benefits as provided for in the operators' conditions of service for Nigerian employees.

Committee's Recommendation:

That the provision in Clause 33 be retained (Senator Lee L. Maeba) — Agreed to.

Question that Clause 33 do stand part of the Bill, put and agreed to.

Clause 34: Allowance for Expatriate Positions:

For each of its operations, an operator may retain a maximum of 5% of management positions as expatriate positions to take care of investor interests.

Committee's Recommendation:

That the provision in Clause 34 be retained (Senator Lee L. Maeba) — Agreed to.

Question that Clause 34 do stand part of the Bill, put and agreed to.

Clause 35: Approval of Board for Application for Expatriate Quota:

Upon the commencement of this Act, all operators shall make application to and receive the approval of the Board before making any application for expatriate quota to the Ministry of Internal Affairs. The application shall be detailed and shall include job titles, description of responsibilities and the duration of the proposed employment in Nigeria.

Committee's Recommendation:

Leave out the provision in Clause 35 and *insert* the following instead thereof:

" Upon the commencement of this Act, all operators shall make application to and receive the approval of the Board before making any application for expatriate quota to the Ministry of Internal Affairs or any other agency or Ministry of the federal Government. **The** application shall be detailed and shall include job titles, description of responsibilities, the duration of the proposed employment in Nigeria and any other information required by the Board for purposes of implementing the provisions of this Act" (*Senator Lee L. Maeba*) — *Agreed to.*

Question that Clause 35 as recommended do stand part of the Bill, put and agreed to.

Clause 36: Requirement for Labour Clause:

All projects or contracts whose total budget exceeds \$100 million (USD) shall contain a "Labour Clause" mandating the use of a minimum percentage of Nigerian labour in specific cadres stipulated by the Board.

Committee's Recommendation:

That the provision in Clause 36 be retained (*Senator Lee L. Maeba*).

Amendment Proposed:

- (i) Immediately before the word "All" in line 1, *insert* the words "Notwithstanding the provisions of the Schedule to this Act"
- (it) Immediately after the word "cadres" in line 3, *insert* the words "as may be" (*Senator Mohammed K. Jibril*).

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

Question that Clause 36 as amended do stand part of the Bill, put and agreed to.

Clause 37: Compliance with Nigerianization Policy:

- (1) All operators and companies operating in the Nigeria oil and gas industry shall employ only Nigerians in their junior and intermediate cadre or any other corresponding grades designated by the operator or company.
- (2) All operators and companies operating in the Nigeria oil and gas industry shall ensure that the number of Nigerians employed in its managerial, professional and supervisory grades or any other corresponding grades designated by the operator or company shall not be less than 95% of persons employed in those categories and further that Nigerians constitute a minimum of 60 % of its Board of Directors.

Committee's Recommendation:

That the provision in Clause 37 be retained (*Senator Lee L. Maeba*).

Amendment Proposed:

Leave out the provision in Sub-Clause (2) of Clause 37'(*Senator Tawar U. Wada*).

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

Question that Clause 37 as amended do stand part of the Bill, put and agreed to.

Clause 38: Research and Development Regulations:

The Minister shall make Regulations with requirements and targets for the growth of Research and Development in the Nigerian oil and gas industry.

Committee's Recommendation:

That the provision in Clause 38 be retained (*Senator Lee L. Maeba*) — *Agreed to.*

Question that Clause 38 do stand part of the Bill, put and agreed to.

Clause 39: Programme for Research and Development:

For every project for which a Plan is submitted, an operator shall carry out a programme and make expenditure, to the satisfaction of the Board, for the promotion of education, attachments, training and research and development in Nigeria in relation to its work programme/activities.

Committee's Recommendation:

That the provision in Clause 39 be retained (*Senator Lee L. Maeba*) — *Agreed to.*

Question that Clause 39 do stand part of the Bill, put and agreed to.

Clause 40: Submission and content of R&D Plan:

The operator shall submit to the Board, every six months, the operator's Research and Development Plan (R&D Plan).

The R&D Plan shall:

- (a) Outline a revolving three to five year plan for oil and gas related research and development initiatives to be undertaken in Nigeria, together with a breakdown of the expected expenditures that will be made in implementing the R&D Plan.
- (b) provide for public calls for proposals for research and development initiatives associated with the operator's activities.

Committee's Recommendation:

That the provision in Clause 40 be retained (*Senator Lee L. Maeba*) — *Agreed to.*

Question that Clause 40 do stand part of the Bill, put and agreed to.

Clause 41: Report on R&D:

The operator shall report to the Board, on quarterly basis, with respect to its R&D activities and shall compare these activities to the operators R&D Plan.

Committee's Recommendation:

That the provision in Clause 41 be retained (*Senator Lee L. Maeba*).

Amendment Proposed:

Immediately after the word "and" in line 2, insert the words "the Board" (*Senator Tawar U. Wada*).

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

Question that Clause 41 as amended do stand part of the Bill, put and agreed to.

Clause 42: Regulations for training at PTI:

The Minister shall make Regulations to establish minimum standards, facilities, personnel and technology for training in the Petroleum Training Institute (the "Institute"). The Regulations shall specify modalities for involving industry stakeholders as partners for developing and managing of the Institute.

Committee's Recommendation:

Leave out the provision in Clause 42 and insert the following instead thereof:

"The Minister shall make Regulations establishing the minimum standards, facilities, personnel and technology for training in the oil and gas industry. The Regulations shall specify modalities for involving operators as partners in training and development" (*Senator Lee L. Maeba*) — *Agreed to.*

Question that Clause 42 as recommended do stand part of the Bill, put and agreed to.

Clause 43: Regulations to further Growth of Indigenous Capacity:

The Minister shall make Regulations with targets to ensure full utilization and steady growth of in-country capacity of indigenous companies engaged in Exploration, Seismic Data Processing, Engineering Design, Reservoir Studies, manufacturing and fabrication of equipment and other facilities for the Nigeria oil and gas industry.

Committee's Recommendation:

That the provision in Clause 43 be retained (*Senator Lee L. Maeba*).

Amendment Proposed:

- (i) Immediately after the word "Regulations" in line 1, leave out the word "with" and insert the words "setting out"
- (ii) Immediately after the words "growth of" in line 2, Leave out the words "in-country capacity of" (*Senator Tawar U. Wada*).

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

Question that Clause 43 as amended do stand part of the Bill, put and agreed to.

Clause 44: Regulations for Registration with Nigerian Professional Bodies:

The Minister shall make Regulations which shall require any operator or company or its professional employees engaged in provision of engineering or other professional services in the Nigerian oil and gas industry to be registered with the relevant professional body in Nigeria.

Committee's Recommendation:

That the provision in Clause 44 be retained (*Senator Lee L. Maeba*) — *Agreed to.*

Question that Clause 44 do stand part of the Bill, put and agreed to.

Clause 45: Programme for Technology Transfer:

The operator shall carry out a programme, to the satisfaction of the Board, for the promotion of technology transfer to Nigeria in relation to its petroleum resource activities.

Committee's Recommendation:

Leave out the provision in Clause 45 and insert the following instead thereof:

"Each operator shall carry out a programme, to the satisfaction of the Board, for the promotion of technology transfer to Nigeria in relation to its oil and gas activities" (*Senator Lee L. Maeba*).

Amendment Proposed:

Immediately after the word "activities" in line 3, insert that words "in accordance with the country's own plans and priorities" (*Senator Jibril M. Aminu*).

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

Question that Clause 45 as amended do stand part of the Bill, put and agreed to.

Clause 46: Submission of Technology Transfer Plan:

The operator shall submit to the Board, every six months, a plan, satisfactory to the Board, setting out a programme of planned initiatives (including Succession Planning) aimed at promoting the effective transfer of technologies from the operator, alliance partner and its contractors to Nigeria individuals and companies.

Committee's Recommendation:

Leave out the provision in Clause 46 and insert the following instead thereof:

"The operator shall submit to the Board annually a plan, satisfactory to the Board, setting out a programme of planned initiatives aimed at promoting the effective transfer of technologies from the operator and alliance partners to Nigerian individuals and companies" (*Senator Lee L. Maeba*) — *Agreed to.*

Question that Clause 46 as recommended do stand part of the Bill, put and agreed to.

Clause 47: Support of Technology Transfer:

The operator shall give full and effective support to technology transfer by encouraging and facilitating the formation of joint ventures, partnering and the development of licensing agreements between Nigerian and foreign companies.

Committee's Recommendation:

Leave out the provision in Clause 47 and insert the following instead thereof:

"The operator shall give full and effective support to technology transfer by encouraging and facilitating the formation of joint ventures, partnering and the development of licensing agreements between Nigerian and foreign contractors and service/supplier companies" (Senator Lee L. Maeba) — Agreed to.

Question that Clause 47 as recommended do stand part of the Bill, put and agreed to.

Clause 48: Technology Transfer Report:

The operator shall submit a report to the Board annually describing its technology transfer initiatives and their results.

Committee's Recommendation:

That the provision in Clause 48 be retained (Senator Lee L. Maeba) — Agreed to.

Question that Clause 48 do stand part of the Bill, put and agreed to.

Clause 49: Regulations to Establish Operations in Nigeria:

The Minister shall make Regulations which shall require any operator to invest in or set up a facility, factory, production units or other operations within Nigeria for purposes of carrying out any production, manufacturing or for providing any services otherwise imported into Nigeria.

Committee's Recommendation:

That the provision in Clause 49 be retained (Senator Lee L. Maeba) — Agreed to.

Question that Clause 49 do stand part of the Bill, put and agreed to.

Clause 50: Fiscal Incentives:

The Minister shall consult with the relevant arms of Government on appropriate fiscal framework and tax incentives for foreign and indigenous companies which establish their factories in Nigeria for purposes of servicing, manufacturing industrial equipment, material and for providing support services to the Nigerian oil and gas industry.

Committee's Recommendation:

Leave out the provision in Clause 50 and insert the following instead thereof:

"The Minister shall consult with the relevant arms of Government on appropriate fiscal framework and tax incentives for foreign and indigenous companies which establish facilities, factories, production units or other operations in Nigeria for purposes of carrying out production, manufacturing or for providing any services otherwise imported into Nigeria" (Senator Lee L. Maeba) — Agreed to.

Question that Clause 50 as recommended do stand part of the Bill, put and agreed to.

Clause 51: Insurance and Reinsurance Business:

Subject to section 53 of this Act, all operators, alliance partners and Nigerian indigenous companies engaged in any form of business, operations, or contract in the Nigeria oil and gas industry, shall insure all insurable risks related to its oil and gas business, operations or contracts with an through an insurance' broker or brokerage firm or an insurer registered in Nigeria under the provisions of Insurance Act 2003.

Committee's Recommendation:

That the provision in Clause 51 be retained (Senator Lee L. Maeba) — Agreed to.

Question that Clause 51 do stand part of the Bill, put and agreed to.

- Clause 52: National Insurance Commission Approval for Offshore Insurance:
No insurance risk in the Nigerian oil and gas industry shall be placed off-shore without the written approval of the Minister, who shall ensure that Nigerian local capacity have been fully exhausted.

Committee's Recommendation:

Leave out the provision in Clause 52 and insert the following instead thereof:

"No insurance risk in the Nigerian oil and gas industry shall be placed offshore without the written approval of the National Insurance Commission, which shall ensure that Nigerian local capacity has been fully exhausted" (*Senator Lee L. Maeba*) — *Agreed to.*

Question that Clause 52 as recommended do stand part of the Bill, put and agreed to.

- Clause 53: Legal Services: Cap 207 LFN:
- (1) All operators, contractors and other entities engaged in any operation, business or transaction in the Nigerian oil & gas industry requiring legal services shall retain only the services of a Nigerian legal practitioner(s) or a firm(s) of Nigerian legal practitioners whose office is located in any part of Nigeria.
 - (2) All operators shall submit to the Board, every six months, its Legal Services Plan (LSP). The LSP shall include:
 - (a) comprehensive report on legal services utilized in the past six months by expenditure and a forecast of legal services required during the next six months and the projected expenditure for the services.
 - (b) Report of in-house legal capacity of the operator and its major contractors showing number, rank and nationality of legal staff, nature of legal work and services provided.
 - (c) a list of external solicitors utilized for legal services in the past six months, the nature of work done and the expenditure made by the operator.
 - (d) the annual legal services budget for the past five years of the contractor and its main contractors in Naira and foreign currencies.

Committee's Recommendation;

Leave out the provision in Sub-Clause 53 (d) and insert new Sub-Clause 53 (d) as follows:

"(d) The annual legal services budget for the past one year in Naira and foreign currencies" (*Senator Lee L. Maeba*) — *Agreed to.*

Question that Clause 53 as recommended do stand part of the Bill, put and agreed to.

- Clause 54: Financial Services:
- (1) All operators, contractors and any other entity engaged in any operation, business or transaction in the Nigerian oil and gas industry requiring financial services shall retain only the services of Nigerian financial institutions or organizations, except where to the satisfaction of the Board this is impracticable.
 - (2) All operators shall submit to the Board every six months its Financial Services Plan (FSP). The FSP shall include:
 - (a) Financial services utilized in the past six months by expenditure and a forecast of financial services required during the next six months and the projected expenditure for the services.
 - (b) Report of in-house financial services capacity of the operator and its major contractors showing number, rank and nationality of financial services staff, nature of financial services work and services provided.

Clause 57: Establishment of Joint Qualification System (JQS):

A Joint Qualification System (JQS) shall be established by the Board in consultation with industry stakeholders and shall be administered in accordance with provisions set out in the Regulations to be made by the Minister in accordance with the provisions of this Act.

Committee's Recommendation:

Leave out the provision in Clause 57 and **insert** the following instead thereof:

"The Board shall establish a Joint Qualification System (JQS) in consultation with industry stakeholders which shall be administered in accordance with provisions set out in the Regulations to be made by the Minister in accordance with the provisions of this Act" (Senator Lee L. Maeba) — Agreed to.

Question that Clause 57 as recommended do stand part of the Bill, put and agreed to.

Clause 58: Functions of the Joint Qualification System (JQS):

The Joint Qualification System (JQS) shall constitute an Industry Databank of available capabilities and shall be used for the following functions:

- (a) Sole system for Nigerian Content registration and pre-qualification of contractors in the industry;
- (b) Verification of Contractors' capacities and capabilities;
- (c) Evaluation of application of Nigerian Content in the operations of Oil Companies and Contractors;
- (d) Tracking and monitoring of performance with provision of relevant feed back;
- (e) Ranking and categorization old Service Companies based on capabilities and Nigerian Content.

Committee's Recommendation:

That the provision in Clause 58 be retained (Senator Lee L. Maeba) — Agreed to.

Question that Clause 58 do stand part of the **Bill**, put and agreed to.

Clause 59: Setting up of Nigerian Content Consultative Forum (NCCF):

The Board shall set up a consultative body to be known as the Nigerian Content Consultative Forum (NCCF) which shall provide a platform for information sharing and collaboration in the Nigerian oil and gas industry with respect to:

- (a) Upcoming projects in the oil and gas industry;
- (b) Information on available local capabilities;
- (c) Other policy proposals that may be relevant to Nigerian content development.

Committee's Recommendation:

That the provision in Clause 59 be retained (Senator Lee L. Maeba) — Agreed to.

Question that Clause 59 do stand part of the Bill, put and agreed to.

Clause 60: Composition of Nigerian Content Consultative Forum (NCCF):

The Nigerian Content Consultative Forum (NCCF) shall be made up of key industry stakeholders, government and regulatory agencies and representatives from the following sectors:

- (a) Fabrication;
- (b) Engineering;
- (c) Banking, legal and insurance;
- (d) Shipping and Logistics;

(e) Materials and Manufacturing; and

(f) Any other professional services nominated by the Board.

Committee's Recommendation:

That the provision in Clause 60 be retained (*Senator Lee L. Maeba*) — *Agreed to.*

Question that Clause 60 do stand part of the Bill, put and agreed to.

Clause 61: Powers of Nigeria Content Monitoring Board (NCMB) to Monitor Implementation of Act:

The Nigeria Content Monitoring Board (NCMB) shall undertake effective and full compliance monitoring of the implementation of the provisions of this Act.

Committee's Recommendation:

That the provision in Clause 61 be retained (*Senator Lee L. Maeba*) — *Agreed to.*

Question that Clause 61 do stand part of the Bill, put and agreed to.

Clause 62: Requirements for submission of Nigeria Content Performance Report:

Within sixty days of the beginning of each year, each operator shall submit to the Board their annual Nigerian Content Performance Report covering all its project and activities for the year under review.

Committee's Recommendation:

That the provision in Clause 62 be retained (*Senator Lee L. Maeba*) — *Agreed to.*

Question that Clause 62 do stand part of the Bill, put and agreed to.

Clause 63: Content of Nigeria Content Performance Report:

Subject to section 62, the report shall specify by category of expenditure the Nigerian Content on both a current and cumulative cost basis and shall set out employment achievement in terms of hours or days worked by Nigerian and foreign workers and their status.

Committee's Recommendation:

That the provision in Clause 63 be retained (*Senator Lee L. Maeba*) — *Agreed to.*

Question that Clause 63 do stand part of the Bill, put and agreed to.

Clause 64: Assessment and Verification of Nigeria Content Performance Report:

The Board shall undertake regular assessment and verification of the Nigerian Content Performance Report filed by all operators in compliance with the provisions of this Act as may be considered appropriate by the Board.

Committee's Recommendation:

That the provision in Clause 64 be retained (*Senator Lee L. Maeba*) — *Agreed to.*

Question that Clause 64 do stand part of the Bill, put and agreed to.

Clause 65: Directives to Facilitate Reporting Directives to Facilitate Reporting:

The Board shall issue directives to operators, contractors and other entities or persons in order to develop a process to facilitate reporting of activities relating to any aspect of this Act. The Board shall issue directives to operators, contractors and other entities or persons in order to develop a process to facilitate reporting of activities relating to any aspect of this Act.

Committee's Recommendation:

That the provision in Clause 65 be retained (*Senator Lee L. Maeba*) — *Agreed to.*

Question that Clause 65 do stand part of the Bill, put and agreed to.

Clause 66: Access to facilities for Assessment and Verification Purposes:

For purposes of assessment and verification, all operators and contractors shall provide the Board and/or its designated agents with access to their facilities and all documentation and information required for substantiating the Nigerian content reported.

Committee's Recommendation:

That the provision in Clause 66 be retained (*Senator Lee L. Maeba*) — *Agreed to.*

Question that Clause 66 do stand part of the Bill, put and agreed to.

Clause 67: Requirements for Third Party Access and Reporting:

The operator shall ensure that its partners, contractors and subcontractors are contractually bound to report Nigerian content information to the operator and, if so requested by the Board, directly to the Board, and to allow the Board or its designated agents access to their records for purposes of assessment and verification of Nigeria content information reported to the operator or the Board.

Committee's Recommendation:

That the provision in Clause 67 be retained (*Senator Lee L. Maeba*) — *Agreed to.*

Question that Clause 67 do stand part of the Bill, put and agreed to.

Clause 68: Responsibility to Communicate Nigerian Content Policies to Contractors:

It shall be the responsibility of operators to effectively communicate its Nigerian content policies and procedures to its contractors and subcontractors and to monitor and enforce their compliance.

Committee's Recommendation:

That the provision in Clause 68 be retained (*Senator Lee L. Maeba*) — *Agreed to.*

Question that Clause 68 do stand part of the Bill, put and agreed to.

Clause 69: Responsibility of Board for Enlightenment on Nigerian Content:

The Board shall conduct workshops, conferences, seminars, symposia and any other public forum considered as appropriate for the benefit of operators, contractors, the public and other stakeholders to enhance the implementation of the provisions of this Act.

Committee's Recommendation:

That the provision in Clause 69 be retained (*Senator Lee L. Maeba*) — *Agreed to.*

Question that Clause 69 do stand part of the Bill, put and agreed to.

Clause 70: Offences and Penalty:

An operator, contractor or subcontractor who carries out any project contrary to the provisions of this Act, commits an offence and is liable upon conviction to a fine of 5 % of the project sum for each project for which the offence is committed and/or cancellation of the project, where applicable.

Committee's Recommendation:

That the provision in Clause 70 be retained (*Senator Lee L. Maeba*) — *Agreed to.*

Question that Clause 70 do stand part of the Bill, put and agreed to.

PART 2: ESTABLISHMENT OF THE NIGERIAN CONTENT MONITORING BOARD**Clause 71: Establishment of the Nigeria Content Monitoring Board:**

- (1) There is hereby established a body to be known as the Nigeria Content Monitoring Board (in this Act referred to as "the Board") which shall have the functions and powers conferred on it by this Act.
- (2) The Board shall be a body corporate with perpetual succession and a common seal and shall have powers to sue and be sued.

Committee's Recommendation:

That the provision in Clause 71 be retained (*Senator Lee L. Maeba*) — *Agreed to.*

Question that Clause 71 do stand part of the Bill, put and agreed to.

Clause 72:

Functions of the Board:

The functions of the Board shall be as follows:

- (1) To implement the provisions of this Act.
- (2) To implement the Regulations made by the Minister in relation to any aspect of this Act.
- (3) To supervise, coordinate, administer, monitor and manage the development of Nigerian content in the Nigerian oil and gas industry.
- (4) To supervise, coordinate, administer and monitor the implementation and development of Nigerian content as specified in schedule A to this Act in the operations of operators, contractors and all other entities in the Nigerian oil and gas industry.
- (5) To appraise, evaluate and approve the Nigerian content plans and reports submitted to the Board in compliance with the provisions of this Act.
- (6) To award Certificate of Authorization and conduct reviews of the Nigerian content plans and reports submitted to the Board in compliance with the provisions of this Act.
- (7) To administer and operate the e-market place and Joint Qualifications Systems set up in accordance with the provisions of this Act.
- (8) To assist local contractors and Nigerian companies to develop their capabilities and capacities to further the attainment of the goal of developing Nigerian content in the Nigerian oil and gas industry.
- (9) Make procedure guides for the implementation of this Act and ensure compliance with all the provisions of this Act.
- (10) Monitor and coordinate the Nigerian content performance of all operators in accordance with the provisions of this Act.
- (11) Make auditing procedures and conduct regular audits for purposes of monitoring and implementing compliance with the provisions of this Act.
- (12) To provide guidelines, definitions and measurement of Nigerian content and Nigerian content indicator to be utilized throughout the industry.
- (13) To conduct studies, researches and investigations that may further the attainment of the goal of developing Nigerian content in the Nigerian oil and gas industry.
- (14) To organize conferences, workshops, seminars, symposia, training, road shows and other public education forums to further the attainment of the goal of developing Nigerian content in the Nigerian oil and gas industry.
- (15) To delegate any of its functions to any agents or operatives appointed by the Council; and
- (16) To do legally anything necessary to be done to facilitate the carrying out of its functions.

Committee's Recommendation:

That the provision in Clause 72 be retained (*Senator Lee L. Maeba*) — *Agreed to.*

Question that Clause 72 do stand part of the Bill, put and agreed to.

Clause 73: Establishment of the Governing Council of the Board:

(1) There is established an executive body known as the Governing Council (in this Act referred to as the "Council") for the Board which shall conduct the Affairs of the Board.

Committee's Recommendation:

That the provision in Sub-Clause 73(1) be *retained* (Senator Lee L. Maeba) —

Agreed to.

Further consideration of Bill deferred to the next legislative day.

Chairman to report progress.

(SENATE IN PLENARY)

The Deputy Senate President reported that the Senate in the Committee of the Whole, considered the Report of the Committee on Petroleum Resources (Upstream) on the Nigerian Oil and Gas Industry Content Development Bill 2008 and approved as follows:.

Clauses 21—29	—	As Recommended
Clause 30	—	As Amended
Clauses 31 — 35	—	As Recommended
Clause 36 — 37	—	As Amended
Clause 38 — 40	—	As Recommended
Clauses 41	—	As Amended
Clause 42	—	As Recommended
Clause 43	—	As Amended
Clause 44	—	As Recommended
Clause 45	—	As Amended
Clause 46 — 72	—	As Recommended
Clause 73(1)	—	As Recommended

Further consideration deferred to the next Legislative day.

6. Adjournment:

And it being 2.05 p.m. the Deputy Senate President adjourned the Senate till Wednesday, 16th April, 2008 at 10.00 a.m.

Adjourned accordingly at 2.05 p. m.

Ike Ekweremadu, CFR
Deputy President of the Senate