



HOUSE OF REPRESENTATIVES FEDERAL REPUBLIC OF NIGERIA

VOTES AND PROCEEDINGS

Thursday, 13 January, 2005

1. The House met at 10.40 a.m. Mr Deputy Speaker read Prayers.
2. **Votes and Proceedings:**
Mr Deputy Speaker announced that he had examined and approved the Votes and Proceedings of Tuesday, 12 January, 2005.

By unanimous consent, the Votes and Proceedings was adopted.

3. **Messages:**
Mr Deputy Speaker read the following Message from the President of the Federal Republic of Nigeria:



PRESIDENT
FEDERAL REPUBLIC OF NIGERIA

PRES/134

4 January, 2005

*The Honourable Speaker,
House of Representatives,
National Assembly Complex,
Three-Arms Zone,
Asokoro - Abuja.*

Dear Hon. Speaker,

A BILL FOR AN ACT TO AMEND THE BORDER COMMUNITIES DEVELOPMENT AGENCY ACT, 2003

I hereby present, for formal consideration and passage into law by the House of Representatives, a Bill which seeks to amend the Border Communities Development Agency, 2003 to provide for, among other things:

- (a) *a more acceptable source of funding for the Agency and reduce financial burden on the Federal Government, member-States and border Local Governments in the funding of the Agency;*
- (b) *the tenure of members of the Board; and*

- (c) *the removal from office of members of the Board and the Executive Secretary of the Agency should the need to do so arise at any time before the expiration of their tenure.*

I hope the Bill will receive prompt attention of Honourable Members of the House.

Yours sincerely,

(Signed)

OLUSEGUN OBASANJO

4. Alleged Irregularities in the NITEL/M-Tel/Pentascop International B.V. Private Ltd Management Contract Agreement:

Motion made and Question proposed,

The House:

Notes with grave concern, the impending collapse of Nigeria Telecommunications Plc and the Nigerian Mobile Telecommunications Limited, aggravated by the spurious Management Contract processed and awarded by the Bureau of Public Enterprises to the firm of Pentascop International B.V. Private Ltd to manage the administrative, financial, human resources and operational aspects of the two companies;

Informed that the two Service Providers (Nigeria Telecommunications Plc and Nigerian Mobile Telecommunications Limited) have since the entry of Pentascop International B.V. Private Ltd, as Management Contractor, been plagued by gross financial mismanagement, lack of technical and managerial competence severely affecting the sustenance and growth of the two companies;

Further informed of the huge indebtedness of Nigeria Telecommunications Plc to MTN and V-Mobile Operators as a result of the Contractor's financial mismanagement and lack of managerial know-how;

Disturbed that claims of eligibility by the Management Contractor as contained in the Contract Agreement had been verified and discovered as false; and

Considering the fact that the careers of twelve thousand Nigerian employees in the Nigeria Telecommunications Plc and Nigerian Mobile Telecommunications Limited are in jeopardy with the entry of Pentascop International B.V. Private Ltd as a Management Contractor,

Resolves to mandate the House Committee on Communications to:

Conduct a public hearing into the circumstances of the award of the Management Contract to Pentascop International B.V. Private Ltd and in the process determine the roles played by BPE, Agencies and individuals involved in the award of the Contract and other matters connected therewith (*Hon. Leo Okuweh Ogor*).

Debate:

Question put and agreed to:

The House:

Noted with grave concern, the impending collapse of Nigeria Telecommunications Plc and the Nigerian Mobile Telecommunications Limited, aggravated by the spurious Management Contract processed and awarded by the Bureau of Public Enterprises to the firm of Pentascop International B.V. Private Ltd to manage the administrative, financial, human resources and operational aspects of the two companies;

Informed that the two Service Providers (Nigeria Telecommunications Plc and Nigerian Mobile Telecommunications Limited) had since the entry of Pentascop International B.V. Private Ltd, as Management Contractor, been plagued by gross financial mismanagement, lack of technical and managerial competence severely affecting the sustenance and growth of the two companies;

Further informed of the huge indebtedness of Nigeria Telecommunications Plc to MTN and V-Mobile Operators as a result of the Contractor's financial mismanagement and lack of managerial know-how;

Disturbed that claims of eligibility by the Management Contractor as contained in the Contract Agreement

had been verified and discovered as false; and

Considered the fact that the careers of twelve thousand Nigerian employees in the Nigeria Telecommunications Plc and Nigerian Mobile Telecommunications Limited are in jeopardy with the entry of Pentascope International B.V. Private Ltd as a Management Contractor,

Nemine Contradicente, Resolved to mandate the House Committee on Communications to conduct a public hearing into the circumstances of the award of the Management Contract to Pentascope International B.V. Private Ltd and in the process determine the roles played by BPE, Agencies and individuals involved in the award of the Contract and other matters connected therewith (*HR. 02/2005*).

5. A Bill for an Act to Prescribe the Basis for Allocation of Revenue Standing to the Credit of Local Government Councils and Area Councils in the Federation Account and for Other Matters Connected Therewith:

Motion made and Question proposed, “That this House do consider the Report of the Joint Committee on Justice, Judiciary, States and Local Government on the Bill for an Act to Prescribe the Basis for Allocation of Revenue Standing to the Credit of Local Government Councils and Area Councils in the Federation Account and for Other Matters Connected Therewith, 2004 (*Hon. Alex Nwofe*).

Question put and agreed to.

Question that the House do resolve into a Committee of Whole to consider the said Report, put and agreed to.

(HOUSE IN COMMITTEE)

(Mr Deputy Speaker in the Chair)

**A BILL FOR AN ACT TO PRESCRIBE THE BASIS FOR ALLOCATION OF REVENUE STANDING
TO THE CREDIT OF LOCAL GOVERNMENT COUNCILS AND AREA COUNCILS IN THE
FEDERATION ACCOUNT AND FOR OTHER MATTERS CONNECTED THEREWITH**

Committee Recommendation.

Clause 1: Amendment of Cap. 16, Laws of the Federation, 1990 and (Amendment) Decree No. 106 of 1992.

The Allocation of Revenue (Federation Account, etc.) Act, Cap. 16, Laws of the Federation 1990 and Allocation of Revenue (Federation Account, etc.) (Amendment) Decree No. 106 of 1992 (which are referred to as “the Principal Act” and “the Amendment Decree” respectively) are hereby amended as provided in this Act (*Hon. Alex Nwofe*)—*Agreed to.*

Question that Clause 1 stand part of the Bill, put and agreed to.

Committee Recommendation.

Clause 2: Establishment of the State Joint Local Government Account and the Federal Capital Territory Joint Area Council Account.

The principal Act is amended by deleting Section 2 and inserting in its place a new Section 2, that is—

There shall be established—

- (a) by each State of the Federation, a State Joint Local Government Account; and
- (b) by the Federal Capital Territory, a Federal Capital Territory Joint Area Council Account, into which all monies allocated from the Federation Account to the Local Government Councils and Area Councils, as the case be, shall be paid (*Hon. Alex Nwofe*)—*Agreed to.*

Question that Clause 2 stand part of the Bill, put and agreed to.

Committee Recommendation.

Clause 3: Formula for Allocating to the States and Federal Capital Territory for the Benefit of their Local Government and Area Councils.

The amendment Decree is amended by deleting Section 3 and substituting thereof a new Section 3, that is—

The amount standing to the credit of the Local Government Councils in the Federation Accounts shall be allocated to the States and the Federal Capital Territory for the benefit of their Local Government Councils and Area Councils using the following formula—

(a)	Equality	—	40%
(b)	Population	—	30%
(c)	Landmass/Terrain	—	10%
(d)	Social Development Factor	—	10%
(e)	Internal Revenue Effort	—	10% (<i>Hon. Alex Nwofe</i>)—Agreed to.

Question that Clause 3 stand part of the Bill, put and agreed to.

Committee Recommendation.

Clause 4: Proportion of Total Revenue of a State or the Federal Capital Territory to be paid to Local Government Councils and Area Councils.

Section 4 of the Principal Act and the Amendment Decree are amended by deleting the entire section and substituting a new Section 4, that is—

In addition to the allocation made from the Federation Account under Section 2 of this Act to the Local Government Councils and Area Councils, there shall be paid by—

- (a) each State of the Federation in each quarter of a Financial year, the sum equivalent to 10% of the total revenue of the State for that quarter into the State Joint Local Government Account for the benefit of the Local Government Councils in State; and
- (b) the Federal Capital Territory, in each quarter of a financial year, the sum equivalent to 10% of the total revenue of the Federal Capital Territory for that quarter into the Federal Capital Territory Joint Area Councils Account for the benefit of the Area Councils in the Federal Capital Territory (*Hon. Alex Nwofe*).

Amendment Proposed:

Leave out all the words in Clause 4 (a) and (b) and *insert* the following instead thereof—

- “(a) each State of the Federation monthly, the sum equivalent to 5% of the total revenue of the State for that month into the State Joint Local Government Account for the benefit of the Local Government Councils in the State; and
- (b) the Federal Capital Territory monthly, the sum equivalent to 5% of the total revenue of the Federal Capital Territory for that month into the Federal Capital Territory Joint Area Councils Account for the benefit of the Area Councils in the Federal Capital Territory” (*Hon. Shuaibu H. Abdullahi*).

Question that the amendment be made, put and negatived.

Question that Clause 4 stand part of the Bill, put and agreed to.

Committee Recommendation.

Insert a new Clause 5 as follows—

Clause 5: Establishment of Joint Local Government Allocation Committee for each State and the Federal Capital Territory.

The principal Act is amended by deleting Section 6 and substituting a new Section 6, that is—

- (1) There is established for each State in the Federation a body to be known as the State Joint Local Government Account Allocation Committee which shall comprise the following members, that is to say—
 - (a) the Commissioner charged with the responsibility for Local Government

in the State to be the Chairman;

- (b) the Chairman of each Local Government Council in the State;
 - (c) the Commissioner of Finance in the State;
 - (d) two representatives of the Accountant-General of the Federation;
 - (e) the Accountant-General of the State; and
 - (f) a representative of the Local Government Service Commission of the State (where it exists).
- (2) The Permanent Secretary of the State Ministry charged with the responsibility for Local Government or such officer as may be designated by said Commissioner shall be the Secretary to the Committee.
- (3) In case of the Federal Capital Territory, there is hereby established a Federal Capital Territory Joint Area Councils Account Allocation Committee, which shall comprise the following members—
- (a) the Permanent Secretary of the Federal Capital Territory as the Chairman,
 - (b) the Chairman of each Area Council in the Federal Capital Territory;
 - (c) one representative of the Accountant-General of the Federation;
 - (d) Director in charge of finance;
 - (e) a Director in the Federal Capital Territory to be appointed by the Minister in charge of the Federal Capital Territory as the Secretary of the Committee (*Hon. Alex Nwofe*).

Amendment Proposed:

Leave out all the words in Subclauses (1) and (2) (Hon. Ita Enang).

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

Question that New Clause 5 as amended stand part of the Bill, put and agreed to.

Committee Recommendation:

Clause 6: Function of the Joint Local Government and Area Councils Allocation Committee.

- (1) The functions of the State Joint Local Government Account Allocation Committee shall be to ensure that allocations made to the Local Government Councils in the State from the Federation Account and from the State concerned are promptly paid into the Joint Local Government Account and distributed to the Local Government Councils in accordance with the provisions of any law made in that behalf by the House of Assembly of the State.
- (2) The functions of the Federal Capital Territory Joint Area Councils Allocation Committee shall be to ensure that allocations made to the Area Councils in the Federal Capital Territory from the Federation Account and from the Federal Capital Territory are promptly paid into the Federal Capital Territory Joint Area Councils Account and distributed to the Area Councils in accordance with the provisions of any Act made in that behalf by the National Assembly (*Hon. Alex Nwofe*).

By consequential amendment, leave out all the words in Clause 6 (1).

Question that Clause 6 as amended stand part of the Bill, put and agreed to.

*Committee Recommendation:***Clause 7: Limit on Power of State Government or Federal Capital Territory for borrowing money.**

The principal Act is amended by deleting the entire Section 7 and substituting a new Section 7, that is—

- (a) the power of the State Governments for borrowing money shall not extend to the money, funds or revenue allocated to Local Government Councils from the Federation Account and from the State concerned;
- (b) the power of the Federal Capital Territory for borrowing money shall not extend to the money, funds or revenue allocated to Area Councils from the Federation Account and from Federal Capital Territory (*Hon. Alex Nwofe*)—*Agreed to.*

Question that Clause 7 stand part of the Bill, put and agreed to.

*Committee Recommendation:***Clause 8: Limits of Power to deduct or re-allocate any amount standing to the credit of State Joint Local Government Account, etc.**

- (1) It shall be unlawful for any organ, authority or official of a State or the Federal Capital Territory, however described or constituted, to alter, deduct or re-allocate funds standing to the credit of the State Joint Local Government Account or the Federal Capital Territory Joint Area Councils Account. Provided always that nothing in Subsection (1) of this Section shall prevent the House of Assembly of a State or the National Assembly from prescribing by law the terms and manner for distributing money standing to the credit of any of the Joint Accounts, as the case may be, to the Local Government Councils in the State or the Area Councils in the Federal Capital Territory.
- (2) Any person who acts in contravention of the provisions of the Subsection (1) above, commits an offences and shall be liable on conviction to a fine twice the amount altered, deducted or re-allocated illegally or imprisonment for a term of five years or to both such fine and imprisonment (*Hon. Alex Nwofe*)—*Agreed to.*

Question that Clause 8 stand part of the Bill, put and agreed to.

*Committee Recommendation:***Clause 9: Report by the Accountant-General of the Federation.**

Section 8 (1) of the Principal Act is amended by deleting the words “not later than 90 days following the end of each Financial year” and inserting the words, “on a six (6) monthly basis” immediately after the words, “National Assembly” and deleting the word “on” immediately after the word “Assembly”, that is—

The Accountant General of the Federation shall report to each House of the National Assembly, on a six (6) monthly basis the payments made to each State under this Act and stating whether or not the payments were correctly made under this Act.

Section 8 (2) of the Principal Act is amended by deleting the words “not later than 90 days following the end of each financial year” and inserting the words “on a six (6) monthly basis” immediately after the word “National Assembly” and deleting the word “on” immediately after the words “National Assembly” that is—

The Accountant-General of each State shall report to the House of Assembly of the State and each House of the National Assembly, on a six (6) Monthly basis the payments made to each Local Government in the State under this Act and stating whether or not the payments were correctly made under this Act (*Hon. Alex Nwofe*).

Amendment Proposed:

Leave out all the words in paragraph 2 and *insert* the following instead thereof:

“The Accountant General of the Federation shall report to each House of the National Assembly, on a quarterly basis, the payments made to each State under this Act and stating whether or not the payments were

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

By consequential amendment, leave out all the words in paragraphs (3) and (4).

Question that Clause 9, as amended, stand part of the Bill, put and agreed to.

Committee Recommendation:

Insert a new Clause 10 as follows:

Clause 10: Report by the Auditor-General for the Federation.

- (1) The Auditor-General for the Federation shall, following the end of each financial year, report to each House of the National Assembly, stating how the monies allocated to each state for the benefit of the Local Government Councils within the State and the Area Councils in the Federal Capital Territory were spent.
- (2) The Auditor-General of each State shall following the end of each financial year, report to the House of Assembly of the State and each House of the National Assembly, stating how the monies allocated to each Local Government Council in the state or each Area Council in the Federal Capital Territory were spent (*Hon. Alex Nwofe*).

Amendment Proposed:

Leave out all the words in Subclause (2) (Hon. West Idahosa).

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

Question that new Clause 10 as amended stand part of the Bill, put and agreed to.

Committee Recommendation:

Clause 11: Short Title.

This Act may be cited as Allocation of Revenue (Federation Account, etc.) (Amendment) Bill, 2005 (*Hon. Alex Nwofe*)—Agreed to.

Question that Clause 11 stand part of the Bill, put and agreed to.

Committee Recommendation:

Insert a new Clause 12 as follows:

Clause 12: Repeal.

Section 6, Cap. 16, Laws of the Federation, 1990 is hereby repealed (*Hon. Alex Nwofe*)—Agreed to.

Question that Clause 12 stand part of the Bill, put and agreed to.

Chairman to report Bill.

(HOUSE IN PLENARY)

Mr Deputy Speaker in the Chair, reported that the House in the Committee of Whole, considered the Report of the Joint Committee on Justice, Judiciary, State and Local Governments on the Bill for an Act to Prescribe the Basis for Allocation of Revenue Standing to the Credit of Local Government Councils and Area Councils in the Federation Account and for Other Matters Connected Therewith and approved Clauses 1, 2, 3, 4, New Clause 5, as amended, Clause 6, as amended, Clause 7, Clause 8, Clause 9, as amended, New Clause 10, as amended and Clause 11 and New Clause 12.

Question that the House do adopt the Report of the Committee of Whole on the Bill, put and agreed to.

6. Adjournment:

That this House do now adjourn till Tuesday, 25 January, 2005 at 10.00 a.m. (*Hon. Abdul Ningi*).

Adjourned accordingly at 12.55 p.m.

Austin A. Opara
Deputy Speaker