

**VOL. 1
No. 5**

FEDERAL REPUBLIC OF NIGERIA

**Wednesday
1st July, 2009**



NATIONAL ASSEMBLY DEBATES

**FOURTH REPUBLIC
THIRD ASSEMBLY
(SIXTH SENATE)**

SECOND SESSION

SENATE OFFICIAL REPORT

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**SENATE OF THE FEDERAL
REPUBLIC OF NIGERIA**

Wednesday 1st July, 2009

The Senate met at 10:45am

PRAYERS

(The President in the Chair)

VOTES AND PROCEEDINGS

Senate President: The Senate is called to order. Distinguished Senators, we have the Votes and Proceedings of Tuesday, 30th June, 2009 before us for approval; page 17, 18 and 19.

Senator Bukar Ibrahim Abba (Yobe East): Mr. President, I rise to move that the Votes and Proceedings of Tuesday, 30th June, 2009 be approved.

Senator Sidi Ali Adamu (Federal Capital Territory): Mr. President, I rise to second the Motion as moved by the Senator from Yobe East, Senator Bukar Ibrahim Abba.

Question put and agreed to.

Resolved: That the Votes and Proceedings of Tuesday, 30th June, 2009 be approved.

ANNOUNCEMENTS

**Invitation to All the PDP Senators to an
Interactive Dinner**

The President: All PDP Senators are cordially invited to attend an interactive dinner with members of the National Working Committee of the People's Democratic Party, the largest party in Black Africa, today Wednesday, 1st July, 2009 at 7.30 p.m. prompt at the official residence of the President of the Senate, Apo Mansion, Abuja.

Other guests are also invited.

(Signed)
Senator David Mark.

Funeral of Senator Ekpemori Enegbeme Lamai

This is an announcement from distinguished Senator (Engr.) Yisa Braimoh (Edo North) Senatorial District and it reads:

Most distinguished Senate President,

**Re: Formal Notification of the Funeral Rites
Arrangement for Late Senator Ekpemori
Ekaqbeme Lamai, OON, 1915 to 2009**

I write to formally thank you, Mr. President and the distinguished Senators for the one minute silence that was observed in honour of Late Sen. Ekpemori Akagbeme Lamai on the 3rd of June, 2009.

May I also use this medium to remind you and the distinguished Senators of the programme for the funeral rites as announced by the family:

Friday 3rd of July 2009. At 1.00 p.m. body leaves Benin for his home town Fugar, Etsako Central Local Government Area (LGA), Edo North Senatorial District.

4.00 p.m. Lying in state at his residence in Fugar.

6.00 – 7.00 p.m. Service of songs.

Saturday 4th July, 2009 at 10.00 – 11.30 p.m. Wake-keep in Fugar

11.45 p.m. Interdenominational Service at his residence in Fugar.

Interment at his residence, ground reception and entertainment of invited guests and dignitaries follows immediately.

While thanking you for your favourable response and prompt action, please kindly accept as always, the assurances of my highest regard.

(Signed)
Senator Isa Braimoh (MNSA)

Senator Lamai is the last of the first set of Senators in this country and we would get a delegation to represent us.

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ORDERS OF THE DAY

CONSIDERATION OF A REPORT

Report of the Committee on Establishment and Public Service

Senator Teslim K. Folarin (Oyo Central): Mr. President, the first Order of the day is the presentation and consideration of the Report of the Committee on Establishment and Public Service on the screening of Hon. Olabimtan Victor Adekanye (Edo, Ekiti and Ondo States) as a member of the Federal Civil Service Commission.

The Report of this Committee was laid on Tuesday, 2nd June, 2009. You may now invite Senator Mohammed Ahmed the Chairman of the Committee to move the Motion for the presentation and consideration of the Report.

Senator Mohammed Ahmed (Kwara North): Mr. President, I wish to move that the Senate do consider the Report of the Committee on Establishment and Public Service on the screening of Hon. Olabimtan Victor Adekanye (Edo, Ekiti and Ondo States) as a member of the Federal Civil Service Commission and approve the recommendation therein.

Senate Abubakar Danso Sodangi (Nasarawa West): Mr. President, I rise to second the Motion.

Question put and agreed to.

Resolved: That the Senate do consider the Report of the Committee on Establishment and Public Service on the screening of Hon. Olabimtan Victor Adekanye (Edo, Ekiti and Ondo States) as a member of the Federal Civil Service Commission and approve the recommendation therein.

The President: You only need to read the salient parts of the Report.

Senator Mohammed Ahmed: Mr. President, the Senate at its Plenary Session on Tuesday, May 12th 2009 considered the request by Mr. President, Commander-in-Chief of the Federal Republic of Nigeria, for the confirmation by Senate of Hon. Olabimtan, Victor Adekanye, as member of the Federal Civil Service Commission representing (Edo, Ekiti and Ondo States) and referred same to the Committee on Establishment and Public Service for further legislative action.

On June 3rd, 2009, the Committee presented its Report on the screening to the Senate but Senators from Ekiti State challenged the Report on the ground that their protest on the choice of Ondo State candidate as replacement for the late Ekiti State Commissioner was not reflected in the Report.

Consequently, the Report was recommitted to the Committee on Establishment and Public Service to resolve grey areas before re-presentation.

Membership of the Committee

Members of the Committee are:

- | | |
|---------------------------|---------------|
| 1. Sen. Mohammed I. Ahmed | Chairman |
| 2. Sen. Kala M. Yale | Vice Chairman |
| 3. Sen. Joy Emodi | Member |
| 4. Sen. Adego Eferakeya | Member |
| 5. Sen. Kola F. Bajomo | Member |
| 6. Sen. Ahmed Makarfi | Member |
| 7. Sen. Kawu P. Dukku | Member |
| 8. Sen. Lee Maeba | Member |
| 9. Sen. Abubakar U. Gada | Member |
| 10. Sen. Effiong D. Bob | Member |

Findings

In the course of interview with the Nominee and scrutiny of his documents as submitted, the Committee noted that:

- (1) Hon. Olabimtan, Victor Adekanye was born on 22nd April, 1957.
- (2) He holds B. A. (Hons) Degree in History.
- (3) He spent 25 years as teacher and rose to the rank of Principal.
- (4) He was elected into Ondo State House of Assembly between 2003 and 2007.

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- (5) He is currently the Chairman, Ondo State Teaching Service Commission.
- (6) Senators from Ekiti State in a joint meeting with their Ondo State counterpart resolved the objection earlier raised during the consideration of the Committee's Report and agreed to support the nomination of Hon. Olabimtan Victor Adekanye as a member of the Federal Civil Service Commission (FCSC) representing Edo, Ekiti and Ondo States.

Recommendation

Having considered the exposure and experience of the nominee, the Committee found him fit and recommends that Senate adopts the Report and confirm Hon. Olabimtan Victor Adekanye as Commissioner in the Federal Civil Service Commission (FCSC).

On behalf of the Committee on Establishment and Public Service, I thank you all for the opportunity given to us to serve.

The President: Are there comments? *(No response)*

Senator Teslim Folarin: Mr. President, I now move that this Senate do now resolve into Committee of the Whole to consider this Report.

Senator Maina Ma'aji Lawan (Borno North): Mr. President, I rise to second the Motion that the Senate do resolve into Committee of the Whole to consider the Report of the Committee on Establishment and Public Service on the screening of Hon. Olabimtan Victor Adekanye as a member of the Federal Civil Service Commission and approve the recommendation therein.

Question put and agreed to.

Report of the Committee on Establishment and Public Service on the screening of Hon. Olabimtan Victor Adekanye, as a member of the Federal Civil Service Commission –
CONSIDERED IN THE COMMITTEE OF THE WHOLE

The Chairman: Is there any comment before I put the Question on the approval of the nomination of Hon. Olabimtan Victor Adekanye representing Edo, Ekiti and Ondo States, as a member of the Federal Civil Service Commission?
(No response)

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Question put and agreed to.

Senator Teslim Folarin: Mr. Chairman, you may now report progress.

Senator Ma'aji Lawan: Mr. Chairman, I second the Motion that the Chair do now report progress.

(The President resumed the Chair)

The President: The Senate in the Committee of the Whole considered the Report of the Committee on Establishment and Public Service on the screening of Mr. President's nominee for appointment as a member in the Federal Civil Service Commission and approved the nomination of Hon. Olabimtan Victor Adekanye representing Edo, Ekiti and Ondo States.

Is this a true reflection of what transpired in the Committee on the Whole?

Several distinguished Senators: Yes.

Confirmation of Nomination

The President: Would the Senate confirm the nomination of Hon. Olabimtan Victor Adekanye representing Edo, Ekiti and Ondo States, as a member of the Federal Civil Service Commission?

Question put and agreed to.

The nomination of Hon. Olabimtan Victor Adekanye is hereby confirmed as a member of the Federal Civil Service Commission.

I want to thank the Senators from the States that had some misunderstanding and were able to resolve it amicably. That is the spirit with which we should all work. Thank you very much and congratulations to Hon. Olabimtan V. Adekanye.

Report of the Committee on Appropriation: Virement

Senator Teslim Folarin: Mr. President, the second Order of the day is the presentation and consideration of the Report of the Committee on Appropriations on the request for virement of the sum of N25,791,449,579 (Twenty Five Billion, Seven Hundred and Ninety One Million, four Hundred and Forty Nine Thousand, Five Hundred and Seventy Nine Naira) only from the Federal

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Capital Territory (FCT) 2009 Statutory Budget to Fund the construction of additional lanes on each carriage way of the Outer Northern Expressway (ONEX) including two fly-over bridges and rehabilitation of Airport Road fly-over.

You will recall that the request of Mr. President, Commander-in-Chief, was referred to the Committee on Appropriations on Wednesday, 24th June, 2009. You may now invite the Chairman of the Appropriations Committee, Senator Iyiola Omisore, to move the Motion for the presentation and consideration of the Report.

Senator Iyiola Omisore (Osun East): Mr. President, I move that the Senate do receive and consider the Report of the Committee on Appropriations on the virement from the Federal Capital Territory Statutory Budget to Fund the construction of additional lanes on each carriage way of the Outer Northern Expressway including two fly-over bridges and rehabilitation of Airport Road fly over.

I so move.

Ahmed Ibrahim Lawan (Yobe North): Mr. President, I second the Motion very ably moved by

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the Chairman, Senate Committee on Appropriations.

Question put and agreed to.

Senator Iyiola Omisore: Mr. President, the Senate will recall that the President of the Federal Republic of Nigeria in a letter dated 5th June, 2009 requested virement of funds from the Federal Capital Territory 2009 Statutory Budget to fund the construction of additional lanes on each carriage-way of the Outer Northern Expressway (ONEX) including two fly-over bridges and the rehabilitation of Airport Road fly-over.

At its sitting on Wednesday, 24th June, 2009 the Senate referred the virement proposal of N25,791,449,579 (Twenty Five Billion, Seven Hundred and Ninety One Million, Four Hundred and Forty Nine Thousand, Five Hundred and Seventy Nine Naira) to our Committee with Committees on FCT and Finance as Sub-Committees for further legislative action and to report back within one week.

The detailed virement and augmentation proposal that accompanied the executive communication showed deductions of funds from Secretariats, Departments and Agencies of the FCT 2009 Statutory Budget as follows:

S/NO.	SECRETARIAT/DEPARTMENTS/AGENCIES	AMOUNT =N=
i.	Engineering Services	4,370,000,000.00
ii.	Resettlement and Compensation	250,000,000.00
iii.	Survey and Mapping	190,000,000.00
iv.	Satellite Towns Infrastructure	9,977,817,589
v.	Area Council Services Secretariat	106,000,001.00
vi.	Agric and Rural Development	142,000,000.00

vii.	Social Development Secretariat	1,475,131,989.00
viii.	Abuja Metropolitan Management Council	460,000,000.00
ix.	Parks and Recreation	1,500,00,000.00
x.	Facilities Maintenance and Management	70,000,000.00
xi.	Urban Affairs	401,500,000.00
xii.	Development Control	65,000,000.00
xiii.	Archives and Historic Bureau	4,000,000.00
xiv.	FCT Urban and Regional Tribunal	500,000,000.00
xv.	Education	4,180,000,000.00
xvi.	Health and Social Services	2,100,000,000.00
	TOTAL	₦25,791,449,579.00

The funds from the above Departments and Agencies are meant to augment the initial provisions made for the following projects:

S/ NO.	PROJECTS	APPROPRIATION 2009 =N=	AUGMENTATION =N=	REVISED APPROPRIATION =N=
i.	Construction of Additional Lanes on each carriage way of outer Northern Expressway (ONEX) including two Fly over Bridges	6,000,000,000	16,312,000,000	22,312,000,000
ii.	Rehabilitation of Airport Road with Fly Over	5,000,000,000	7,881,000,000	12,881,000,000

	(provision is to complement the National Budget Allocation)			
iii.	(i) Design and the development of 60.67 km of standard gauge rail track FCT (ii) provision of station building, bridges and culverts, communication and signaling system and power supply (iii) provision of railing stock, operation and full rail	7,500,000,000	1,000,000,000	8,500,000,000
iv.	Outstanding liabilities-unpaid payments for Projects executed by various contractors on behalf of the FCTA	1,000,000,000	398,449,579	1,398,449,579
v.	Insurance of Fixed	0	200,000,000	200,000,000

Appropriations Committee met on Tuesday, 30th June 2009. At that meeting, the Committee on FCT of both Chambers were represented by their Chairmen. The Committee was briefed on the need and urgent necessity to adjust the virement proposal as presented by the Executive and to give more opportunity for development of the satellite towns. The justification for the development of the

satellite towns is to reduce the existing pressure on the existing facilities in the main City.

The revised proposals as recommended by the Sub-committees are as follows:

S/NO.	SECRETARIAT/DEPARTMENTS /AGENCIES	AMOUNT =N=
i.	Engineering Services	4,370,000,000.00
ii.	Resettlement and Compensation	250,000,000.00
iii.	Survey and Mapping	190,000,000.00

iv.	Satellite Towns Infrastructure	7,477,817,589.00
v.	Area Council Services Secretariat	106,000,001.00
vi.	Agric and Rural Development	142,000,000.00
vii.	Social Development Secretariat	1,475,131,989.00
viii.	Abuja Metropolitan Management Council	460,000,000.00
ix.	Parks and Recreation	1,000,000,000.00
x.	Facilities Maintenance and Management	70,000,000.00
xi.	Urban Affairs	401,500,000.00
xii.	Development Control	65,000,000.00
xiii.	Archives and Historic Bureau	4,000,000.00
xiv.	FCT Urban and Regional Tribunal	500,000,000.00
xv.	Education	4,180,000,000.00
xvi.	Health and Social Services	2,100,000,000.00
	TOTAL	₦22,791,449,579.00

The revision and adjustments in respect of the virement, which we are presenting to the Senate, affects Satellite Towns Infrastructure and Parks and Recreation.

Satellite Towns Infrastructure

The provision of engineering infrastructure to Kubwa Town (Districts 4 & 5), which ₦4.5 billion was appropriated in 2009; ₦1.5 billion is vired leaving a revised appropriation of N3 billion. On the provision of the engineering infrastructure to Karshi Town (Districts 1 & 2), which was ₦4.5

billion was appropriated; ₦2 billion vired leaving revised sum of N2.5 billion.

For dualisation of Jikwoyi and Karshi road where ₦33 billion was appropriated; ₦1.79 billion was vired leave a balance of ₦1.520 billion.

Parks and Recreation

The provision of ₦400 million for solar powered light to Gardens/Parks in FCT, which was removed was sustained. For the provision of Standing Polo Club with horses and stable, which

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₦350 million was provided in 2009; ₦250 million had been vired leaving a balance of ₦100 million as a revised Budget.

The augmentation profiles with the adjustments as recommended by the Sub-Committee are as follows:

S/NO.	PROJECTS	APPROPRIATION 2009 =N=	AUGMENTATION =N=	REVISED APPROPRIATION =N=
i.	Construction of Additional Lanes on each carriage way of Outer Northern Expressway (ONEX) including two Fly over Bridges	6,000,00,000	14,812,000,000	20,812,000,000
ii.	Rehabilitation of Airport Road with Fly Over (provision is to complement the National Budget Allocation)	5,000,00,000	6,881,000,000	11,881,000,000
iii.	(i) Design and the development of 60.67 km of standard rail gauge track FCT (ii) provision of station building, bridges and culverts, communication and signaling system and power supply (iii) provision of railing stock, operation and full rail	7,500,000,000	500,000,000	8,000,000,000
iv.	Outstanding liabilities- unpaid payments for Projects executed by various contractors on behalf of the FCTA	1,000,000,000	398,449,579	1,398,449,579
v.	Insurance of Fixed Assets	0	200,000,000	200,000,000

Details of the virement recommendation and augmentation of funds for the affected projects

under FCT Statutory Budget 2009 are attached to the Report.

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Recommendation/Prayers

Mr. President, distinguished Senators, the Senate Committee on Appropriations hereby recommends for approval the virement of ₦22,791,449,579 (Twenty Two Billion, Seven Hundred and Ninety One Million, Four Hundred and Forty Nine Thousand, Five Hundred and Seventy Nine Naira) only from the Federal Capital Territory (FCT) 2009 Statutory Budget.

I move that the Senate do receive and consider the Report of the Committee on Appropriations on the virement from the Federal Capital Territory (FCT) 2009 Statutory Budget.

Senator Abubakar Danso Sodangi: Mr. President, I rise with all sense of humility to second the Motion ably moved by Senator Iyiola Omisore to lay his Report for the Senate consideration and approval.

Question put and agreed to.

(Report accordingly laid on the Table)

Senator Ahmed Lawan: Mr. President, while supporting this, I want to make some observations here. Education and health services are things that are very basic, fundamental and essential services that cannot wait. We cannot wait until 2010 Budget before we treat our citizens, especially the residents of FCT when they get ill and we cannot afford to keep, especially our children and wards illiterate or not going to school until 2010. We can afford conveniently and comfortably to take money from all the first 14 Sub-Heads, but taking ₦4.18 billion from education and ₦2.1 billion from health and social services, in my opinion, is not good enough. This is because FCT is already overstretched in terms of provision and delivery of education and health services.

When you take a look at page 3 of the Report, item 4 where we are paying ₦1.398 billion for outstanding liabilities, we cannot, in my view, take funds from education and health and social services to pay for liabilities. Liabilities can wait. In 2010 Budget, we can make provision for liabilities, but we should protect the funds for education and ensure that the funds are utilised. We should also make sure that health services are provided for the residents of FCT.

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The President: Before we make further comments, Senator Iyiola Omisore, is this figure a joint figure with you and the House of Representatives?

Senator Iyiola Omisore: Yes, it is a joint figure.

Senator Ahmed Rufa'i Sani (Zamfara West): Mr. President, I rise to support this submission for virement from the FCT for two reasons. Firstly, virement is only required and money are taken for projects and programmes that may not require immediate attention. Therefore, all these sectors recommended for removal of funds to finance additional lanes for the ongoing road projects; in case they need additional money, I am sure that FCT will come with Supplementary Budget before the end of the year. I am sure that they must have done their homework in recommending movement of resources from one project to another.

I, therefore, support this request and urge my Colleagues to equally support it, because if FCT requires additional fund in any of these important sectors, all the other sectors are equally important but I am sure they will come up with supplementary provision if they require additional fund.

Senator Victor Ndoma-Egba (Cross River Central): Mr. President, I support the dualisation of the Airport Road because that is the gateway to Abuja. It is the first impression you get of Abuja because if you are coming into Abuja it is from that road. I know as a fact that that road is currently over burdened with persistence traffic bottlenecks, hence there is need to do something.

However I am lost because if you look at the areas where money is being vired from, we do not have enough justification in the Report as to why that virement is needed. Is it that those projects and programmes are no longer urgent or is it that the money left would be enough for those programmes and projects to be undertaken in what is left in the 2009 Budget year? A lot more ought to have been said. If you say you are taking X Naira from a Subhead and leaving Y Naira, you should be able to say that what is left will be able to carry on the projects and programmes, otherwise, there would have been no need for those projects and programmes to have appeared in the 2009 Budget in the first place.

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Moreover, there are certain projects and programmes that are too critical as has been said by Senator Ahmed Lawan. We cannot take money from education and health to build roads. Our citizens must come first all the time. It is only living human beings that can use dualised roads. So, I want to request that we have more justification for the virements that are being made from the subheads.

The President: The real problem with this Bill is that it came without the necessary foundation. The Bill ought to have said where they would get money from, not just saying that they want so much vired. They left that to the Committee and the Committee has used its discretion. To minimise the comments on this, Senator Iyiola Omisore, can you address the reasons why you took money from the places you did.

Senator Iyiola Omisore: Mr. President, when you say virement, I want us to understand the term very well. Virement presupposes that after consideration by professionals and Sub-committees, they have found it necessary that those moneys would not be spent before the end of the year. There is no need for us to put any explanation here. It is not the job of this Committee. But it presupposes that the FCT Committee had gone round and had agreed with the Ministry that this quantum of money is vired. This is because Budget is a provision that between so, so and so, we will spend so much money, but this is half of the year. So much money was provided for education in the Budget and they have not spent one-quarter of that Budget up till today and there is no how they can spend that money by the end of the year even when they are wasting money.

I want to let our Colleagues understand this process very well. This is a process. This is not a regular Budget so there is no need for you to give any sort of money. That is why the Committee on Finance came to us to say that it is virement. There is no source of funding from any revenue generated. It is not the same thing as a Bill. *(Interruptions)*

Several distinguished Senators: No, no.

The President: Please, it is proper for us to listen to our Colleague. What he is saying makes sense.

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Senator Iyiola Omisore: Mr. President, I want us to understand that in this business of legislation we have Committee and sub-Committee Chairmen and everybody has supervision over his respective Committee. When the Bill was read, distinguished Senators James Manager and Lee Ledogo Maeba tried to accuse distinguished Senator Abubakar Sodangi, *(Dan Maliki)* I told them that it was our responsibility to educate every one here on the process.

Virement is not a regular way of budgeting of revenue collection. No. In virement the revenue sources are standard and there is no frustration at all. What we are saying is that after this consideration on the half of the year submission, the money on education and health cannot be spent till the end of the year. Budget contains only provisions. By now they have seen that this money is just being wasted and at the end of the year it will lapse. This is a statutory budget, and not the provisional budget. So, I want my distinguished Colleagues to understand that. What is happening now is that we lack the understanding.

The President: You have given answers to the issues raised. The point that was raising is not whether a new source is there. You said that the FCT Committee came with the idea of where they want to take the money from. That was the point I was raising. The issue is where within the budget would it be raised?

Senator Mahmud Kanti Bello (Katsina North): Mr. President, I need to give further explanation on this virement. When we were at the Committee level, I believe the Chairman is fully aware of what we discussed, we looked at each item thoroughly. For example, let us take a look at the Satellite Towns' Infrastructure, what they are asking to be removed from there is over N9 billion but the Committee in its wisdom, after thorough discussion, agreed that it should be N7 billion. We left N2 billion there because there are outstanding payments to be made and we want to have the Satellite Towns. That is one of the areas. Again, take a look at the provision for Recreation, we only left N100 million there against N350 million that they want from there. We did a reasonable job.

As rightly pointed out by the Chairman, we deserved to be commended for what we have done. *(Interruptions)*

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The President: Let others be clarified before they commend you (*Laughter*)

Senator Mahmud Kanti Bello: The only thing I want to talk briefly on is the Kubwa Road that is the road going to Kaduna State. If you leave here after office hours, it will take you about two and half or three hours before you reach the junction of Zuba. We need to expand that road. However, the problem we are facing is that sometimes, the people from the FCT should be informed in no uncertain terms that it is very unfortunate that they know that they want to expand this road, yet people are put signposts along the existing dual carriage way which eventually would be removed during construction. That is not wise enough. There is no need to put a structure that you know is temporary. The FCT should look into some of these things and ensure that the money for the masses is being spent wisely for their benefit. So, what has been done is perfect hence I support the Bill.

Senator James Manager (Delta South): Mr. President, generally, I am not against this virement as sponsored by the Committee on Appropriations and facilitated by the Committee on FCT chaired by the respected ranking Senator, Senator A. D. Sodangi (Danmaliki).

My problem is that for you to request for virement for a road construction for which N6 billion had already been provided in the Budget for this year. Now, you are requesting for additional N20 billion, Senate must be informed about the contract sum. This is 1st July, that is the year has gone half. How much of the N6 billion that is provided for it in the Budget has been spent.

I want also to support the point made by Senator Lawan and re-echoed by Senator Victor Ndoma-Egba. We must be healthy and alive to drive on this road that we are talking about. So, if you now remove money from health to construct a road, I do not believe that it is good enough.

So, they should provide answer to the point that I raised.

The President: This is why it is important for us to listen when a Colleague is speaking. What happened is that some of you were busy discussing with Senator Sodangi when Senator Omisore was offering explanation to the issue you have just raised. That was what I asked him to address because it was raised by Senator Ahmed Lawan

and re-echoed by Senator Victor Ndoma-Egba. You people decided to take Senator Sodangi on instead of listening to the explanations.

Senator Bassey Ewa-Henshaw (Cross River South): Mr. President, I understood what Senator Omisore's explanation. N1.5 billion cannot be spent in a year, therefore needs to be vired for road construction. That is the issue. They have taken large sums of money from education, health services and social development for the road and in a country where there is huge unemployment and lack of social services. That is the issue and I think it is wrong.

The President: I know how many of you are in this Committee but if the Committee on Appropriations sat with the Committee on FCT and looked at this matter and brought this Report, if there is anything wrong let us say what is right here. My understanding here is that Social Development Secretariat is a building. It is because we do not have all the details, otherwise, we should try to do some work here on the Floor.

Senator A. D. Sodangi: Mr. President, I appreciate all the anxieties and concerns of my Colleagues that we should not take money from education and health services, that is correct. But let me give a little background of what Senator Omisore has not highlighted.

This road construction of providing more lanes along Kubwa and Airport roads is supposed to have been done in conjunction with private developers. But private developers are not forthcoming to finance the projects as was expected. As Senator James Manager asked, we first gave them N6 billion and added N4 billion making N10 billion. Before they entered into the contract FCDA was not told that it was going to cost it N40 billion to provide the 40 *per cent* of their own share. The Directorate of Budget and PPA would provide 60 *per cent*. Right now what they have on ground, as Senator Omisore said, is N25 billion which cannot serve anything. But they have agreed that if they are given this N25 billion added to what the Budget Office will give, they would continue with the job. That was why they mapped out some items where to bring out the money because they want the job to be done and we are also bent to see that the job is done with your blessing.

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As I am speaking with you, the Education Secretariat has agreed with the Ministry to give them enough money to accomplish their project in this year's budget. Health Services has also agreed to give them more money. But as far as that road is concerned, it is a kind of emergency and we would like you to reason with the authorities so that the job is done.

Senator Lee Ledogo Maeba (Rivers South-East): Mr. President, it is a very nice hour we are having here on this virement. We should be very careful with virement. Virement caused trouble in the last Senate. Virement has caused trouble in many places. From what Senator Sodangi explained, everything he said tantamount to bringing supplementary budget. Senator Omisore, who is sitting down here is bent on pushing in this virement.

For the first time in history, we had an amendment budget last year. Until last year, we have not had an amendment budget before. Now we are talking of virement and we know virement has always been a source that could lead to so many things.

Even from what Senator Sodangi explained, we do not know what the contract sum is even though we are here as the House of Assembly of the Federal Capital Territory. Contract that we do not know about, we want to lump money into it. Senator James Manager asked a question, what is the contract sum? What are the terms of the contract?

Since I have been here I have seen so many things, more especially virement. We know what virement has caused in the Ministries.
(Interruptions)

The President: Senator Lee, you owe us an explanation of what virement has caused and why you think that this is going to cause the same. Please, let us not just get up and talk this way. It is not right for us to get up and begin to impugn that something is under the table in this exercise. Please, you have to tell us the trouble that virement has caused. I am not aware and you have to relate it to this also. If you have opposition to this particular exercise, you say so.

Senator Lee Ledogo Maeba: Mr. President, with all due respect, I withdraw any improper motive on the issue of virement. But what I am trying to say is that we are discussing budget here.

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This whole Bill is not clear. It has a lot of controversial components. We either tell the Committee to come out with clear components that we could see, the contract sum, the duration of the contract and other things and why we are bringing money from those Subheads that are supposed to be for welfare. We cannot just vire this money the way it is. I see this virement as controversial. I suggest that they either come up with details or we refer them to supplementary budget. This, to me, is not clear.

Senator Smart Adeyemi (Kogi West): Mr. President, I rise on behalf of my Senatorial District to say that I am a Member of the Committee on Federal Capital Territory and also a Member of the Committee on Appropriations.

We actually deliberated on the virement for more than three hours and I stand here to say that I am convinced that the recommendations here were taken in good faith and without any other consideration. I say this against the presentation of Senator Lee Maeba and must commend you for cautioning him because his presentation was more or less trying to indict some of us.

We took quite a number of things into consideration. First and foremost, time is not on the side of government. I am talking about the President and the Senate. I take into consideration that these are projects that are very important. The expansion of the Airport Road to the City Gate and that of Kubwa are so important that we took into consideration, apart from the socio-economic developments that they would bring to the City, the number of lives that we lose daily on those roads. Those were the things that influenced our thinking.

We took a look at the recommendations. The virement was done in good faith. We even had discussions with some members of the Federal Capital Ministry and we saw reason as to the need to make sure that within the budget that was approved, some of these projects are executed. To delay some of these projects, will cost us more than what we are recommending here next year.

So, I want to submit that it makes sense for us if we carry out our oversight function effectively, whatever are the shortcomings, can easily be discovered. It is not a question for us to use the rules and the laws to stop development. These projects are very important for the City and for every Nigerian. How many Nigerians die on some of these roads? You cannot even have the figure. If

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we allow the Government to go ahead to implement these projects, we can effectively monitor the execution and make sure that every kobo is spent for the purpose for which it is recommended for. That is my submission.

Senator Iyiola Omisore: Point of Order, Mr. President!

The President: Yes, Point of Order, Senator Omisore.

Senator Iyiola Omisore: Mr. President, It is Order 98(10) and (25) on Standing Committees. Can I read Sir?

The President: Yes, read.

Senator Iyiola Omisore: This Order is to be read so as to correct the impression that we are not here to perform set functions of contract awards, contract sum, advancement payment, tender due process, as suggested by Senators Lee and Manager. We have our purview, functions and operations. Order 98(10) reads: *There shall be a Committee to be known as Committee on Appropriations appointed at the commencement of the life of the Senate*

The President: Senator Omisore, your Point of Order, is sustained. It is not even necessary because that is not the issue before us here. Nobody is challenging the fact that the thing was referred to you. We should really not waste more time on this. If there are people who seriously object to it, they should indicate so.

Senator Ike Ekweremadu (Enugu West): Point of Order, Mr. President!

The President: Point of Order, Deputy Senate President

Senator Ike Ekweremadu: Mr. President, I come under Order 70(1)(c) which says: *The following matters not open to debate, shall be moved without argument or opinion offered, and shall be forthwith put from the Chair without amendment.* One of them is *motion that the question be now put.*

We have listened to the Chairman of the Committee on Appropriations, after presenting his Report, some of our Colleagues raised issues and your Excellency invited him to offer further explanation which he has done and the Chairman

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of the FCT Committee had offered further clarification. After this Report, we have before us a very important Bill which is the Petroleum Industry Bill, which is in the heart of our economic well-being. So, I respectfully move that the Question be now put so that we make progress and move to the next issue.

I so move.

The President: Your Point of Order is a very valid one. But we have always operated in a more democratic manner here. I will sustain your Point of Order but before I bang the Gavel, let me see those who have serious objections. *(Interruptions)* Please, listen. When I put the Question those who have objection should negate it. There is no need for further information. I sustain the Point of Order by the Deputy Senate President and I will now put the Question.

Question put and agreed to.

Resolved: That the Senate do consider the Report of the Committee on Appropriation on the virement of N22,791,449,579.00 (Twenty-two Billion, Seven Hundred and Ninety-one Million, Four Hundred and Forty-nine Thousand, Five Hundred and Seventy-nine Naira) only from the Federal Capital Territory (FCT) 2009 Statutory Budget.

CONSIDERATION OF A BILL

Nigerian Petroleum Industry Bill, 2008

A Bill for an Act to Establish the Legal and Regulatory Framework Institutions and Regulatory Authorities for the Nigerian Petroleum Industry, to Establish Guidelines for the Operation of the Upstream and Downstream Sector and for Purposes Connected Therewith, 2009 (SB. 236).

Order for Second Reading

Senator Teslim Folarin: Mr. President, the third Order of the day is the Second Reading of the Petroleum Industry Bill, 2008. This is an Executive Bill, which was read First Time in this Chamber on Tuesday, 13th January, 2009.

With your very kind permission, I wish to seek your permission to start the lead debate.

The President: Senate Leader, you may start with the lead debate, please.

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Question Proposed

Senator Teslim Folarin: Mr. President, I thank you for the privilege to lead the debate on the general principles of a Bill for an Act to Establish a Legal and Regulatory Framework, Institutions and Regulatory Authorities for the Nigerian Petroleum Industry to Establish Guidelines for the Operation of the Upstream and Downstream Sectors and for Other Purposes Connected Therewith 2009.

This Bill was read in this hallowed Chamber on Tuesday, 13th January, 2009. The Bill that is presently before us may probably be the most far-reaching and comprehensive piece of legislation that the present National Assembly may legislate upon. In this sense, this exercise would constitute one of the most historic achievements for both the Presidency and the National Assembly when concluded.

The over 500 provisions of this Bill cover virtually every aspect of governance and operations across the petroleum value chain, ranging from Fundamental Objectives of State Policy, Institutional Framework, Upstream and Downstream Operations, Fiscal System and down to matters of Health, Safety, Environment and Community Relations.

This Bill has taken into consideration very many compelling issues in order to come up with a law that will comprehensively capture the legal and governance requirements of such a complex industry. These compelling issues include the half-century experience of operating the oil and gas industry in Nigeria in all the major aspects of the Sector including policy making, regulation and commercial operations.

Equally important is the emergence of gas as a key element of the industry which has never really been captured by previous legislations regarding the industry. This Bill attempts to make adequate provisions for these observed lapses in the previous legislations, including not only fiscalisation of gas resources in the upstream but also the management and the utilisation of down stream gas facilities and products.

This all important Bill also recognises the need to create a new fiscal framework that takes into consideration various critical issues. These include matters such as:

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- (i) The need to capture the full gas value chain for taxation purposes, developing a fiscal regime for gas that is decoupled from oil thereby creating a level playing field for all investors in gas;
- (ii) It will also promote the effective management of cost across the industry thereby maximizing government take;
- (iii) Another consideration revolves around the requirement to develop a fiscal system that is responsive to the significant swings in global oil prices;
- (iv) To clarify inconsistencies and/or conflicts in the application of fiscal terms for oil and gas; and
- (v) To develop a fiscal role for general application based on a body of fiscal laws rather than incentive letters.

At the heart of this Bill, therefore, is the imperative of putting in place an effective fiscal system that ensures that the nation benefits maximally from its petroleum resources. The new fiscal arrangements in the Bill are designed to among other things -

- (i) Simplify the collection of oil revenues through shifting emphasis to such easily collectible revenues as royalties and rents;
- (ii) Make the system flexible enough to respond to swings in prices and therefore capable of capturing windfall profits;
- (iii) Encourage low cost operations by creating more profits for efficient operators relative to inefficient ones.
- (iv) Promote the development of small fields and local participation through royalty and tax incentive; and finally
- (v) Improve government take on the profitable deep water acreages.

A key element of the proposed legislation is the incorporation of the current loose joint venture arrangement between the NNPC, representing the Nigerian State and the International Oil Companies. The joint ventures are responsible for

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the bulk of the oil that is produced in Nigeria. They are on the other hand also responsible for the perennial cash call problem that has bedevilled the industry for quiet sometime now.

Currently, the funding commitments of the Nigerian government for the joint ventures has been pegged to about US\$5 billion based budget, leaving a huge deficit which by 2010 would constitute more than 50 *per cent* of the total government share of joint venture funding.

The incorporation of the joint venture as provided for in this bill would not only eliminate such funding deficit but completely remove the necessity of funding such operations by the Nigerian government. The incorporated joint venture companies would henceforth, be funded through equity, debt and third party financing like any other proper business venture. Thus with a single legislative stroke, the government would be freed from the necessity to cough out this huge capital outlay.

You will agree with me that on the whole, the significance of this Bill could by no means be over emphasised given the absolute centrality of petroleum to our economy and national well being in general.

Equally of great importance is the sheer size of the foreign investments involved in the sector. This underlines the need to appreciate the fact that what is at stake has significance beyond our own national boundaries and is for all practical purposes, of global importance.

What all the above issues point to is that there is the absolute imperative to give the proposed legislation urgent and speedy treatment so that the reform programme would get the necessary legal foundation and start yielding positive benefits for the benefit of our dear nation, Nigeria.

I thank you for your listening.

Senator Ike Ekweremadu: Mr. President, I rise to respectfully support this Bill and to congratulate the Federal government for coming up with this novel legislation. At the time oil was discovered in Nigeria, if truth must be told, we lacked the capacity to provide necessary legislation to regulate the industry.

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Even the agreement entered into between the then big oil companies, our communities and governments, we are drafted by these oil companies. No wonder, they were all at our own detriment. For the first time Nigeria is coming up with a legislation that has taken into consideration the national interests; a legislation that has been carefully drawn up by Nigerians taking into cognisance our experiences over these years and drawing from examples of many oil producing countries that are presently doing well.

I commend this Bill. For the first time we are going to have our National Oil Company just like Brazil and Malaysia and it is something we all need to be proud of. This legislation is one of the longest in terms of the Sections. It is bulky, expensive and covers essentially everything that has to do with oil and gas. It covers areas such as local participation for the first time, by insisting that small fields be yielded to our people who now have the capacity to drill these wells and be able to grow from such experience.

The environmental factors have also been captured and it is now imperative that in the oil sector, the issue of the international obligations in the environmental sector would definitely be respected. Then the issue of community participation and care for oil producing communities have fully been captured.

I am proud of this Bill. I am proud to be a Nigerian. I am, proud to be a Senator that today we are dealing with this legislation that would eventually be able to remove the chains which have held us down in making progress in the oil and gas sector of our economy. I believe that there is going to be a turn around for those who have cheated us out of our rich resources. The time has come for them to leave us alone and for this oil industry to grow in accordance with our own development so that Nigeria would have a full benefit of these natural resources. All these years what we have seen is a situation where the big oil companies exploited us to no end. This Bill will mark the beginning of our independence in the oil sector. I urge our dear Colleagues to support this Bill and give it an expeditious passage.

Senator Patrick Enebeli Osakwe (Delta North): Mr. President, this Bill is the first holistic attempt at addressing the multifarious problems that the various Acts relating to oil have caused this country. The life wire of this country is oil, so I am

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not surprised at the size of this Bill. It is big and bulky because it has a lot to show; a lot to teach; a lot to bring so that we can have harmony in the industry.

This is a good attempt at helping the President and the Executive in the reform programme by giving it a legal foundation without which it cannot operate. It is like putting something on nothing and it is bound to fall down. So, this is the legal foundation, the pivot and the fulcrum upon which the oil industry is going to stand on to give this country the desired effect.

This Bill attempts to remove the Department of Petroleum Resources (DPR) from the grip of the Ministry of Petroleum. It gives the DPR some degree of independence so that it can function without being teleguided from any source. This is a very positive attempt. The DPR is a very important part of the petroleum industry and giving it this power where it can be independent and where it will have very little or nothing to do with the Ministry of Petroleum is a good attempt. It is going to help us achieve what we need to up-lift the oil industry.

This Bill is also able to tackle the problem of marginal fields or the small fields, if you like. We have so many entrepreneurs in this country who have attempted to do business with the marginal fields but because of the conditions attached to it, the royalties they have to pay and the problems associated with marginal fields, there is nobody or company that is attempting to develop these small fields. Some of these marginal fields have been cocked for 50 years without development. This was because Nigerians could not meet the requirements for the development of marginal fields *vis-à-vis* the owners of the fields; those who really developed the fields. They could not satisfy the conditions, but this Bill has removed that problem and I have no doubt in my mind that the marginal fields would see massive Nigerian involvement. The Bill has removed the impediments that need to be satisfied before somebody is allowed to develop marginal fields.

This is a far-reaching Bill and I urge my Colleagues to support it so that we pass it. We do not need to be blaming the Executive rather we should ensure we have done what we are asked to do so that they will do what they are supposed to do also.

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The President: I know that some of you are very knowledgeable in this area but remember that so many people would like to speak. Please, do not take us through a lecture series. Just address the merits and demerits of the principles of the Bill.

Senator George Thomson Sekibo (Rivers East): Mr. President, I spent two nights studying this Bill because of its size. I agree with the submission of the Executive. So, I may not comment on most of the detailed provisions but the area I want to talk about are the areas I think should have been included. This is because from what we heard, it is an attempt to reform the petroleum industry and if it is an attempt to reform the industry, reformation should come from within and not from without.

For me, the authors of the Bill have done a very good job but they have not taken care of certain areas that have been the problem in this country. It is the operations of the oil businesses being carried out in the Niger Delta Region that is giving us problems because of lack of inclusion of certain provisions that are to protect the peoples of the area where oil is being explored and exploited.

If you go through the Bill, you will find that Clauses 6, 7 and 8 hardly talk about environment and few of the things that are geared towards protecting the people who are indigenous to the areas where the oil is being exploited examples of such are environmental issues and obligations. For example, if you take a look at Clause 6(1) and (2) the provisions there are vague. We need to make provision for environmental impact assessment. They just said international environmental. They have to be a little bit more specific. They have to think about environmental protection and rehabilitation programme after oil has been exploited from a particular area. We are suffering that fate today. The community where Senator Nimi Barigha-Amange comes from is almost in extinction just because there is no rehabilitation programme after oil is withdrawn from the ground.

I will also like us to think about environmental protection and rehabilitation fund. Such fund would be provided by the operators of the Joint Venture Companies while they are getting the oil so that when they leave the place, in the event they fail to remedy the destruction to the environment, we would be able to take money from that fund to rehabilitate the place.

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I got more wisdom for this when I read through the Minerals and Mining Act. Section 119 of the Minerals and Mining Act talks about environmental impact assessment in detail which this Bill lacks. Section 120 of that Act talks about the protection and rehabilitation programme in detail, which this Bill also lacks. Section 122 talks about environmental protection and rehabilitation fund which is already created by this law.

I will also talk about the remedy that is provided in this Minerals and Mining Act on pollution. As much as this Bill is so good, it talks less about investment by members of the community, which is a provision in a Bill that was passed earlier by this Senate. This Senate passed the Solid Minerals Act and Section 116 of that Act talks about how the community can directly benefit from the operations. There are provisions for investors entering a particular community and how they would go into community development agreement for the provision of social amenities. In this bulky Bill, those provisions are absent. I see this Bill as trying to focus mainly on government businesses and not considering the indigenes of the area.

The next point I want to mention is the consideration of indigenes of the areas where exploration is being carried out. The Bill does not talk about how members of the given community can be involved. I am not talking about the Nigerian Content Law because that is a wider one in the sense that it talks about inter-Nigerian contempt. But now I am talking about the catchment areas where oil is being exploited. There is no provision made of how members of such communities who are going to have adverse effects of oil exploitation such as pollution and different hazards could also benefit from the Bill. When the Committee will look at it, they should see the possibility of including such things in the Bill.

Those who are from the littoral States and live along the ocean know that some of the swamps are sacred areas. During oil exploration and exploitation the sacred areas are desecrated as a result, the adverse effect is on the indigenes of the area. It could lead to some of them becoming mental cases. It could cause other kinds of havocs.

In a similar Bill for another mineral, there is a provision that says if you are entering into sacred area for purposes of mineral exploration or exploitation, the community must be properly contacted. Such provision is absent in this Bill. It is

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very important for us from those regions that our sacred areas are given respect. Provision should be made to guard them. We should not allow people to go into our sacred areas and desecrate them and then allow the consequential problems to befall the particular ethnic group.

We are talking about investment in oil. In the solid mineral sector, which is also mineral like oil we have artisanal miners and small scale miners as well as illegal miners. As I said before, we do not know where small-scale investors could be introduced into this Bill.

Senator Anthony G. Manzo (Taraba North):
Point of Order, Mr. President!

The President: Point of Order, Senator Anthony George Manzo.

Senator Anthony Manzo: I am coming under Order 55(4) and with your permission may I read?

The President: Please, read.

Senator Anthony G. Manzo: Order 55(4) on Time Limit and Sequence of Speeches says: *No Senator shall be entitled to address the Senate or a Committee of the Whole Senate for more than forty minutes on any subject.* It looks as if my Colleague from River State is producing another lead debate. I quite admire the fact that we are learning a lot but I think he should wrap up.

The President: Do you want me to rule on this or you just want to draw my attention to it?

Senator Anthony G. Manzo: Let it be information. I am learning a lot from Senator Sekibo but let him conclude so that we would also get an opportunity to talk on this Bill.

The President: Senator Manzo, thank you for drawing our attention to it. But specifically on the Point of Order, I rule you out of Order.

Senator Sekibo, just like others, please, there are so many people who want to speak on this. We should be careful so that we do not just go into details. If we can look at the merits and the principles of the Bill it would be all right but once you begin to make references to various Clauses, then you are going into details of the Bill. You can discuss the issue without going into the various Clauses of the Bill and by so doing, we would save

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time. You may wish to conclude if you have not concluded yet.

Senator George T. Sekibo: I have not concluded but let me do so now. In summary, the Bill is good, the intention is good but the two focal points which it is supposed to give are the environment where business is done and the business itself. It concentrates more on the business while leaving out the environment where the business is done. The few points I have raised here, if the Committee that this Bill would be referred to can look at them critically in case they would be useful for the nation it would be all right. But if they are not properly taking care of, there might still be problem tomorrow.

Senator Victor Ndoma-Egba (Cross River Central): Mr. President, this is a good Bill for Nigeria. One, it seeks to provide a one-stop legislation for the oil industry. But for that to be fully achieved, I want to believe that we must also integrate our legislation on gas into this Bill so that you just stop in one place and you find all the legislation for our oil and gas industry.

It is a good Bill for Nigeria in the sense that it would improve the operations of the oil industry. It would also improve the economics and the fiscal regime of the oil industry and Nigeria would make more money hopefully from her oil and gas operations.

Having said so, it is not such a good Bill for the area where the oil is got. Why do I say so? If you take the Bill, very little is said about the environment. We know that today, there is a lot of agitation in the Niger Delta region that has even necessitated military action in the region for two reasons; one, the despoliation of the environment and two, the exclusion of the host communities from the advantages that ought to be derived from oil operations.

I believe that the Bill is short on matters of the environment. It is also very short on matters of social responsibility to the environment and the people around the areas from which they get oil. The Bill is also critically lacking in the area of affirmative action. This Bill provides this country one rare opportunity to address the problems of the Niger Delta and I believe that in that critical regard, the Bill has said little or nothing.

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As I said in the beginning, it is a good Bill for Nigeria but not a very good Bill for the area in which oil is got. I want to hope and pray that by the time the final Bill comes back to this place, these issues would have been addressed; so that the people of Niger Delta will begin to see concrete goodwill gestures from Nigeria that their issues are being addressed.

Senator Awesu D. Kuta (Niger East): Mr. President, I want to give full support to this Bill because laws existing before now have been obsolete and outdated. With the creation of more institutions to oversee certain sections of the industry, there would now be a lot of transparency. This Bill also has a lot of linkages with the Gas Master Plan. Our emphasis will now begin to shift to the production of gas in the face of dwindling prizes of oil. As long as we continue this way, gas will be the mainstay of our economy.

I support this Bill and I urge this Senate to see this Bill as a good one and a way out to ensure transparency in the industry. This Bill will ensure that international oil companies are given close supervision to ensure that royalties and other taxes that are supposed to be paid by them are actually paid. The moment we do that, the people of my area particularly the Niger-Delta region will see on the surface what we are supposed to have given. I fully support this Bill.

Senator Smart Adeyemi (Kogi West): Mr. President, I must confess that I have had highly enlightened and adequate presentation from some of my Colleagues that have spoken much earlier. I want to say that I am seeing this Bill for the first time this morning. I feel that a Bill of this nature should have been made available to Senators long before now. (*Interruptions*)

The President: May I please halt you before we embarrass ourselves any further. The National Assembly Journal published it long ago and we have raised this issue over and over. Let us not please come up here and talk about this because it is dated and distributed to all of us. If you did not read it before now that is not anybody's fault. But you may please, go on with your comments.

Senator Smart Adeyemi: I am sure that there are quite a number of my Colleagues who hold the same view with me. I must add that I have not read this Bill and when I got a copy this morning was when I actually had an insight into it. As a result I

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have my reservations. So, permit me to take my seat.

Senator Abubakar U. Gada (Sokoto East): Mr. President, I rise to invite my distinguished Colleagues to totally and absolutely support this Bill. The industry has never seen any landmark development, remarkable reforms all encompassing national desires than this Bill. In fact, what the Senate Leader has explained in the lead debate was simply a summary of the wisdom, logic, benefits and even the necessity that this Bill not only should be passed, but should be fast tracked in such a manner that we can benefit from the riches and the quality of the embodiment of the Bill.

If not for the unconventional nature of parliamentary practice, I would have said that this Bill should have a retrospective effect on the oil companies that have abused, exploited and compromised the national interest in the last 40 years. Most of the extant laws on the petroleum industry were produced by the oil companies. This is the first time in Nigeria's hydrocarbon history that laws are emanating from Nigerian experts and professionals that have witnessed the massive abuse of this vital sector of the Nigerian nation.

As Mr. President said, the debate now should be largely on the general principles of the Bill. I am urging my Colleagues to please, take time to go through this Bill to see what we would be deriving if this Bill is passed.

Nigeria is the tenth oil producer in the world in terms of proven reserves and she is the twelfth producer of gas in the whole world in terms of proven reserves. If what we can achieve in this country in the last 40 years in terms of economic development arose from the exploitation of crude oil as the mainstay of the economy, if we further stretch our arms to do the same in the area of gas, it would be like duplicating and doubling our opportunity and our chances in terms of putting what it requires to develop an ailing economic like ours.

Gas as a hydrocarbon component has not been utilised in a manner that would help Nigerian economy, but this Bill has captured the issue of gas monetisation, gas fiscalisation and gas harmonisation in terms of its different stages from the upstream component to the downstream component. When all these things are put to work, Nigerian economy stands to benefit. It will also

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help in stabilising the economic needs of the Sub-Saharan Africa.

We have projects such as the Trans-Saharan Gas Pipeline from Nigeria to Algeria into the market in Europe. There is also the West African Gas Pipeline project. When this Bill comes to reality, all these international projects will be improved, streamlined and eventually implemented for the benefit of this country. Therefore, it is very critical that we look at this Bill and pass it so that our effort to develop this sector will be achieved.

Before I take my seat, there is the issue of inland frontiers that is inland basins; we have a number of basins within the country. We have the Benue Trough and very soon that area would be an oil producing area. That is within the Idoma community. We have Jamare Hadija and very soon we may have Senator Bala as another environmentalist arising from the Jamare enclave. These are what this Bill is coming to address and unless we realise what it is to do it know, it will be a de-service to this country to delay this Bill. It is, indeed, distressful that this Bill is still at this stage. We ought to have passed it since. I am sure by the capacity and capability of this hallowed Chamber along with our Colleagues in the House of Representatives, we would do what it takes to be fair and just to this critical Bill.

Look at it this way, 50 years, that is, half a century of operating our national resource with oil companies formulating operating laws themselves. All the MOUs produced ranging from concessions to Joint Venture Funding and to production sharing contracts have all been produced by the oil companies. For purpose of emphasis, I repeat that for the first time, all these laws that are obsolete, unjust, exploitative and compromising would be set aside. Distinguished Colleagues let us immediately pass this Bill.

Senator Adamu Mohammed Bello (Kano Central): Mr. President, I rise to support this Bill. The idea of the Bill is about regulation. Several authorities such as Senator Gada have spoken so much about it. Basically, one of the most important things here is that from the legal and regulatory point of view, it is going to turn our National Oil Company in to a profit making company. That company has been in existence for quite some time. We know that most countries have their own Petroleum Companies that make a lot of profit. But here in Nigeria, it is entirely a different story

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because everything is dependent on government. The Independent National Oil Company would be allowed to raise funds by investing in Capital Market instead of relaying on government. So, we are all talking about a framework that will assist in terms of making profit and at the end of the day, assist the nation, instead of being dependent on what the nation is getting.

Senator Adeleke Olorunnimbe Mamowora (Lagos East): Mr. President, this is a Bill that came a bit late; but as we do say, it is better late than never. All of us who are privileged to be in the positions we occupy today as leaders, we tend to battle with the choices before us. At every point in time, what we are called upon to decide on is whether there is preponderance of good over bad. This is because you may have a situation where you do not have absolute good or absolute bad, but then, you have to take a decision. I have come to the conclusion that in this Bill, it has preponderance of good in it. I have observed the reservations of some of our Colleagues, particularly those of Senator Sekibo and Senator Victor Ndoma-Egba, and I do share those reservations. But, be that as it may, we cannot afford to throw away the baby with the bath water.

This is a Bill which naturally like every other law in this country takes its root from the Constitution, particularly under Section 14(2)(b) that says: *The security and welfare of the people shall be the primary purpose of government.* If you go further, particularly to Section 16 of our Constitution, and with your kind permission, I would like to read Section 16(1)(a) & (b).

Section 16 states: *The State shall, within the context of the ideals and objectives for which provisions are made in this Constitution-*

- (a) *harness the resources of the Nation and promote National prosperity and an efficient, a dynamic and self reliant economy.*
- (b) *control the national economy in such manner as to secure the maximum welfare, freedom and happiness of every citizen on the basis of social justice and equality of status and opportunity.*

We can see in this Bill that attempts are being made for the first time to look at the entire ramification, particularly in the area of the oil industry in this country with a view to harmonising

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various statutes that have existed before now, put them in one perspective and, of course, look at areas where this country has suffered severe exploitation within and without. We have a situation where, for too long, foreign investors seemed to have exploited and plundered this country to bone marrow. These are some of the things that this Bill seeks to correct. I do appreciate that in so doing, we need to put in certain things to address the issues of the host communities as earlier said by my Colleagues and that is why we are here.

Some of my Colleagues have said that this Bill is bulky, I can not agree less. I hope and I do pray that the implementation of the Bill when it becomes an Act would be as bulky and, of course, robust as the Bill itself. This is because often times, we come up with elegant drafts with beautiful provisions, but at the end of the day when it comes to implementation, we fall short. I am hoping that as we have been confronted with this Bill and the provisions that look very good, elegant and, of course, attractive, at the end of the day, if and when the Bill becomes an Act, we would also put in so much energy to effect its implementation.

With this short submission, I want to fully support the Bill and commend it to my Colleagues.

Senator Mahmud Kanti Bello (Katsina North): Mr. President, when I look at this particular Bill, they said it is bulky, nonetheless, if you look its various Clauses starting with the one that deals with the Minister, the National Petroleum Directorate, Nigerian Petroleum Inspectorate, Petroleum Products Regulatory Authority, National Petroleum Access Management Agency, Nigerian Petroleum Research Centre, National Frontier Exploration Service, Petroleum Technology Development Fund and, of course, Upstream and Downstream Petroleum and the Commercial License. These 11 Agencies that have been incorporated in this Bill are what constitute the entire oil industry.

For the first time we are complying with Section 16 of the Constitution, that is, the economic objectives of the government. This is because for the first time, the State is now directing its policy to harness and distribute the material resources of the nation as best as possible to serve the common good of the people of this country including the peoples of the Niger Delta.

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With all due respect to my distinguished Colleague and learned Friend who is sometimes a little bit militant in nature, he tried to confuse some of us who are simple engineers. I read the Bill thoroughly. If you take a look at Clauses 283 and 285 of the Bill, issues of environment have been taken care of particularly in Clause 283. There the Bill talks about the environmental quality and management. The environmental policy objectives, targets and commitment to comply with relevant laws, regulations, guidelines and standards are all enshrined in this Bill.

Also, in order to take adequate care of our friends in the Niger Delta, for the first time according to the Constitution of the Federal Republic of Nigeria, the government is doing its best to follow and actually implement what is in the Directive Principles of State Policy. As a result, Clause 285 of the Bill deals on financial provision for remediation of environmental damage. Therefore, a small fish fisher farmer in River State would be definitely compensated adequately by the Bill.

I have only one suggest as regards this Bill. We shall probably refer it to so many Committees, so please, let those Committees do justice to the Bill. They should be patriotic when considering the Bill, so that they come up with something that will be in the best interest of this country in line with the intension of the founding fathers of our nation. That is to say, the industry will be operated in accordance with Section 16 of the Constitution particularly Subsection (3)(a) which says that: *A body shall be set up by an Act of the National Assembly which shall have power – (a) to review, from time to time, the ownership and control of business enterprises operating in Nigeria and make recommendations to the President on same.* That is the job of the National Assembly. This Bill is actually tackling this aspect of the Constitution.

With these few remarks, I fully support the Bill and I hope that the Committee on Petroleum Upstream, where my friend, Senator Lee Maeba is the Chairman and the Downstream Committee and other Committees that are going to review this Bill will do justice to it.

Senator Grace Folashade Bent (Adamawa South): Mr. President, I rise to support this Bill. As my distinguished Colleague said, this Bill would have come much earlier than this. I would not have agreed less with him.

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The issue of Oil endangering the Nigerian environment cannot be over-emphasised. A couple of my Colleagues have spoken extensively about it. This Bill as it stands today, in my own understanding of the details which I will not want to delve into now, is that it has not adequately captured as it were, the basic expectations of the Nigerian people and, indeed, the Niger Delta as it affects the environmental hazards that they are suffering from now.

You will agree with me to a very large extent, that the major contributory factor to the endangering of the Nigerian environment is oil related problems. Oil sector has been a major factor that has completely polluted the Nigerian environment in terms of gas flaring, water pollution, farm desecration and so on and so forth.

If a larger portion of this Bill is devoted on the issues of environment, honestly, we will not be asking for too much. You cannot operate in the oil sector without giving environment its due attention. You cannot be talking about oil without looking at the environmental impact assessments and talking about social cooperate responsibilities. These are fundamental issues where oil sector has been most lacking.

If we do not use the opportunity of this Petroleum Industry Bill to address some of these issues, honestly, we will not be able to enjoy the support and confidence of the people of the Niger Delta region. In the Leader's lead debate, he said very clearly that this Bill has taken into consideration very many compelling issues in order to come up with a law that will comprehensively capture the legal and governance requirement of such a complex industry. Of course, it is a very complex industry, but this Bill has not completely captured the compelling issues. The compelling issues include such areas as I have mentioned. If we eventually send it to the relevant Committee, such Committee should ensure they work with the Committee on Environment in order to take into consideration the salient areas that have not been addressed.

The Downstream and Upstream Committees may not be able to do it on their own. Of course, during the Public Hearing people will come to give more information, but, please, let the Committee on Environment be carried along to help in coming up with laws on the environment that will work *pari pasu* with this Bill when passed. If that is

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done, honestly, I am sure a lot of my Colleagues will support the fast tracking of this Bill.

Senator Joy Emodi (Anambra North): Mr. President, let me start by commending the Senate Leader for his lead debate in which he compressed the bulky Bill into a very simple form. I will regard this Bill as a core economic Bill for the development of our great country.

We know that Nigeria is operating mono-product economy based on oil. Unfortunately, the sector is fraught with a lot of problems especially, corruption due to lack of transparency. There is confusion in the oil sector due to proliferation of legislations. This Bill, I believe, seeks to subsume the 16 legislations into one to make for more profit and transparency. The existing legislations seem to have been made to encourage lack of transparency and corruption because they have a lot of confidentiality provisions. So, I believe that this is a very good Bill for all of us to support.

This Bill also seeks to eliminate obnoxious, obsolete and outdated laws. It equally seeks to align the sector with best international practices in order to get more from our God given resource.

One other attractive thing about this Bill is the elimination of bureaucratic redtapism; removing the Ministry and creating instead, a Directorate to be manned by a Minister charged with the sole responsibility of formulating policies and carrying out serious oversight to ensure implementation. NNPC will be charged with core operation of the industry. It will give NNPC operational and funding independence to make for more profit in this sector.

It is scandalous that Nigeria that is supposed to be the sixth largest oil producing country in the world has not seen anything in terms of development. Before the advent of oil in Nigeria, Nigeria was enjoying multi-product economy based on groundnuts, oil palm, cotton and rubber. Then we experienced a lot of development from these agricultural products to the extent that oil sector was actually developed with the proceeds from agricultural products. But since the oil boom we abandoned agricultural sector to face only oil. The reason is that we see it as the easiest way to become millionaires overnight. Unfortunately, the sector has been over pressurised and over abused that we have not seen anything, we have not enjoyed the product given to us by nature. It is fraught with corruption and problems.

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I urge all of us to support this very important Bill. The most important aspect of this Bill is that it will create serious linkages with other sectors of the economy in order to jump-start serious development.

The area I have doubt has been taken care of and that is the welfare of the oil producing areas. I believe that by the time this Bill comes back for Third Reading, the Committee would have taking this into consideration to ensure that oil producing areas are carried along. Anything that is being done in this sector without taking into serious consideration the oil producing areas will amount to nothing.

I urge all my Colleagues to please, in our patriotic zeal, support this Bill because it is a core economic Bill that will jump-start serious development that we are lacking in this country today.

Senator Osita B. Izunaso (Imo West): Mr. President, let me comment on this very important Bill. This Bill is not just an ordinary Bill. It is, indeed, a reform Bill. It is a legislation that is intended to give proper direction and impetus in the oil and gas sector in Nigeria. This Bill is actually seeking to repeal all existing legislations in the oil and gas sector so as to come out with an elegant and omnibus legislation that will, for the very first time, address all ramifications of the oil and gas sector in Nigeria. This is actually the intendment of this Bill.

It is important for us to understand that the main essence of this Bill is to decentralise the operations of NNPC and other important agencies in the oil and gas industry. As it is today, NNPC is playing both the role of a regulator, operator, agency, parastatal and corporation but this Bill is intending to decentralise these functions to the extent that NNPC will eventually remain as a Limited Liability Company, making money for this country and prospecting for oil within and outside this country. The Company can go to the Republic of Sao Tome and Principe, Equatorial Guinea, Angola or even Algeria, as the case maybe, to compete favourably among other leading oil companies in the world. That is the intendment of this Bill.

For us to achieve this, we must remove all bureaucratic bottlenecks. That is why I support entirely the scrapping of the Ministry of Petroleum Resource and replacing it with Nigerian Petroleum

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Directorate which will be devoid of unnecessary bureaucratic bottlenecks.

The drafters of this Bill have taken into cognizance, world standard, particularly as Nigeria is a member of OPEC. That is why they have recommended that the Directorate will also be headed by a Minister so that we can operate firmly at the global level. Internally here it will no longer be a Ministry. It will be another agency of government with the right technical staff to put the place in proper perspective.

I also want to support this Bill because of the fact that it intends to review all existing Joint Venture Operations and Production-sharing Contracts of NNPC in the sense that since we moved to PSC in 1993 arising from the negative aspect of the Joint Venture government's take comes only from royalties and taxes. Since 1993 till date the PSC has been developing but it has not given us exactly what we want. That is why this Bill is intending to also look into all the PSCs and the Joint Venture with a view to making this country earn more revenue from the oil sector.

It is also on record that 70 *per cent* of our public spending comes from the oil and gas sector and this sector contribute 90 *per cent* to our foreign exchange earnings. That is the reason this Bill has come at the right time for us to put a forward march in this particular sector.

One of the main reasons I support this Bill is because it will provide a strong framework for the implementation of the Gas Master Plan. If this Bill has not addressed the Gas Master Plan, I would have vehemently opposed this Bill. Having given legal teeth to the Gas Master Plan by stimulating the economy of Nigeria through gas, I urge that we support this Bill so that we can promote domestic gas obligations and have proper pricing for gas to enable our people obtain cooking gas without stress.

Nigeria is the third largest producer of gas in the world but the lowest in terms of gas consumption. This is very appalling. But with what this Bill intends to do that matter would be properly addressed.

There is another very important aspect of this Bill which is recognising the midstream sector. All along in the oil and gas operation in Nigeria it has always been upstream and downstream. Most times they lump midstream with downstream but this Bill

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has singled out midstream so that today the NLG Operations, the Compressed National Gas Operations and Gas to Liquid Operations will now form under the midstream and give it proper impetus to operate.

This particular Bill is also complementing the Gas Flaring Bill that we are looking into in the Senate, which is at the Third Reading stage. It is complementing it in the sense that with what this Bill is going to do in the gas sector, we would no longer complain about gas flaring. By the time the Gas Flaring Bill comes out, it would adequately complement what this Bill is seeking to do.

For the very first time in our country, this Bill is saying that there is going to be a Petroleum Exploration License which was never given in the past. In the past, it was either Petroleum Prospective License or Petroleum Mining List but this Bill is recommending the issuance of Petroleum Exploration License.

I know most of my Colleagues would talk and by the time we go to Public Hearing, other issues could be raised, therefore, I beg to rest my case.

Senator Paulker Emmanuel (Bayelsa Central): Mr. President, I rise to support this Bill in its entirety. You would agree with me that the petroleum industry has been in existence in this country since 1958. You would equally agree that most of the laws regulating this industry is as old as the petroleum industry and this Bill seeks to reform these laws. Having operated for 50 years, no such laws can adequately address a complex industry like the oil industry.

I also support this Bill based on the fact that petroleum seems and is, indeed, contributing to the economy of this country in no little measure. You would equally agree with me that the issue of management of the wealth arising from the petroleum industry has been a cause of concern to a lot of citizens of this country but this Bill, in one of its frameworks, tends to address transparency and remove the obnoxious practice of hiding areas where monies are being expended. I do believe that if the tenets inherent in this Bill are adhered to strictly by the time this Bill is filtered, we will have transparency in this industry.

Again, this Bill seeks to afford the Federal Government the opportunity of control in some areas, as some other speakers had mentioned, like the marginal fields which are, prior to this period,

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not able to be accessed. This Bill seeks to give opportunity for minor entrepreneurs to marginal fields for the benefit of Nigerians.

Other Colleagues have mentioned the issue of the environment where oil is being exploited. This area is not being deeply addressed. But I hope that by the time the Bill is filtered through the Committees and going through the stage of the Committee of Whole that will adequately be addressed. This is because it is in the best interest of this country that an environmental problem of the areas where oil is being exploited is addressed adequately.

This Bill is all encompassing, so it is difficult for one to enunciate all the areas that have been addressed. If this Bill is passed, I believe this country and, indeed, the oil industry where the economy of this country rests upon will have a reformed attitude so that Nigerians will benefit from their God given rights derivable from oil. So, I support this Bill.

In fact, when you take look at the fiscal regime of tax; there is even degradation where smaller companies are taxed differently from the bigger ones. By the provisions of this Bill small indigenous companies can be accommodated within the oil sector so that they can thrive and grow gradually.

With these few points, I urge my Colleagues to support the passage of this Bill so that the oil industry will have a new face in terms of operation and regulation.

Senator Suleiman A. Adokwe (Nasarawa South): Mr. Present, I lend my support to this Bill by first supporting Senator Adeleke Mamowora in saying that, this Bill is a classical case of better late than never. Giving the fact that the oil industry as it is globally, is in its twilight days because most consumers of oil products are finding ways and means to source alternative energy and we know the concerted efforts that countries like America are making to see that they become less and less dependent on the oil industry.

Of recent, the Israeli scientists have calculated that the total energy need of the world is just about 25 *per cent* of the available solar energy to planet earth. This means that more than ever before, this country needs to collect all it can to be able to exploit the remaining profits and benefits that are accruable from the oil industry. This means that

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this Bill must seek to address issues such as how to maximize our profits in the oil industry; how to correct the environmental imbalance that we have suffered so far and above all, what to do with the profits that are accruable from the oil industry. This is because it is not sufficient to make the money without investing it in other profitable economic sectors with a view that when the oil industry finally dries up, which it will in no less than the next ten years, we should be able to create alternative sources of wealth and prosperity for our people.

I want to assure us that the level of scientific investigations into other sources of energy that is taking place in this world is very threatening to the oil industry, and we must diversify our investment. I would like those who will deal with the nitty-gritty of this Bill to find a way of compelling Nigerian Government as a matter of policy to invest certain percentage of the proceeds from oil in other sectors. This is done in Botswana. Whatever they generated from their diamond industry was invested in other sectors of the economy so that by the time they finished extracting diamond in Botswana, the prosperity and level of per capita consumption in the country, remained steadfast.

I share the fact that a time would come when this oil would dry up it would be very pathetic that it would reverse all the enjoyments we are getting today. We must, in this Bill, find a way to compel our governments to invest in sectors that will sustain the generation of wealth and prosperity in future. This is the perspective from which I want us to also look at this Bill.

Senator Wilson Asinobi Ake (Rivers West): Your Excellency, I join my Colleagues to commend the President, Commander-in-Chief, for bringing forth this very Bill. It is a Bill that is intended to bring sanity and control in the oil industry. It is a Bill that if all the areas are implemented religiously, is going to maximise our benefits from the oil industry.

I support this Bill because as a Comrade, it is going to make the products readily available. It is going to increase refined products and make them readily available locally. It is equally going to make gas readily available to Nigerians. Therefore, I support this Bill completely.

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As my Colleagues, Senator Thompson Sekibo said and summarised by Senator Victor Ndoma-Egba, this is a good Bill but enough has not been done in respect of the host communities as concerns their participation and the control of their environment. If today Nigeria has deemed it proper and appropriate, after 50 years of the oil industry, to upgrade our position, allow us maximum control, why would we not also consider the host communities where this oil is produced, to upgrade their situation in the oil industry; to give them a level of participation to make them see the oil industry as their own; to see the pipelines as belonging to them and to see the installations as their own? What the Bill has provided is still keeping them where they were 50 years ago. I want a situation whereby our communities would be part of the players in the oil industry. Let them participate in the contracts given by the oil industry. Let them be fully part of it.

If they were docile 50 years ago, they have grown to become restive 50 years later. What is going to happen in the next 50 years? We should take pro-active measures on how these communities are going to participate and be part of the oil industry. I happen to be a Senator representing the highest oil and gas producing area in this country. (*Interruptions*)

The President: Chief Whip of the Senate?

Senator Mahmud Kanti Bello: Distinguished Senators, let there be silence, please.

The President: What that really means is that if people do not listen, it is an indication that you need to wind up. You will conclude what you are saying, I am not stopping you.

Senator Asinobi Ake: Mr. President, if people are restive it is a reflection of how the communities where the oil is being produced are being treated. A situation where the penalty for oil flaring is being taken by the Federal Government whereas the people that are being impacted directly are not being considered is not fair. Our roofs leak very easily and quickly; our environment has completely lost its value all as a result of gas flaring. I want to plead with the Committee that will handle this Bill to please give it a thorough Public Hearing so that the host communities and other Nigerians would make input into this Bill. It is a very important Bill that will affect a large population of this country especially in the Niger Delta.

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The President: Distinguished Colleagues, we have heard a lot about the issues of the oil communities themselves. That has been raised over and over. There is not need to over-emphasise the issue of oil communities. May I take the last two from Senator Dickson Bob-Effiong and Senator Bassey Ewa-Henshaw. After them I will take three from those opposing the Bill.

Senator Dickson Bob Effiong (Akwa-Ibom North East): Mr. President, I join others to support this Bill. I support the contributions so far made, particularly those of distinguished Senator Victor Ndoma-Egba and Senator Thompson Sekibo. I want to add that there is an adage which says, *he who feels it knows it*. I want to urge that before we continue with this debate, this distinguished Senate should take out one week to visit these communities.

Senator Joy Emodi: They will kidnap us.

Senator Bob: Do not worry; there would not be any kidnapping

The President: We went to the oil producing areas when it was relatively safe for everybody to go there.

Senator Bob Effiong: This is the best time for us to visit these areas and feel exactly how the people there are feeling and also take contributions from them. The three days we went there during Senate Retreat was not enough. I am suggesting five days. By the time we come back, we would be able to make meaningful contributions to the Bill before us. I say so because, if you are talking about gas flaring and the interest of the communities which has not been sufficiently addressed in this Bill, and we sit here in Abuja to legislate without going to these communities to see things for ourselves - (*Interruptions*)

Several distinguished Senators: We have been there before.

Senator Bob Effiong: Please, Mr. President protect me. There are so many people who would not want me to speak.

The President: Why your protection is going to be difficult is that you do not need to see before you legislate. I believe we understand the situation there. But, I offer you all the protection you need. Distinguished Colleagues, please, allow Senator Bob Effiong to round off.

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Senator Bob Effiong: I said so because it is not only in the Niger Delta or the present oil bearing communities we are talking about. My distinguished Colleague here said something about Benue Trough and Chad Basin. We have not visited those areas. If paraventure, we discover oil in those areas, what are we talking about. I feel that this Bill is good. It may not even be liked by all the multinational oil companies. If we look at the Bill critically and pass it into law, most of the things they are doing now which they have been doing in the past years would not be done again.

So, I support this Bill and I believe that if the economy of this country is to be taken some steps beyond the present, we have to look at the present and then legislate and ensure that it is passed without waste of time.

Senator Bassey Ewa-Henshaw (Cross River South): Mr. President, this Bill seeks to create about nine organisations and to repeal Acts that are already in existence with respect to some others. There is no indication on the Bill that the existing Acts are being repealed. The Committee should look at that and make sure that the appropriate Acts are actually repealed.

There are nine bodies that are being established under this Bill and I have noticed areas of possible overlap amongst the responsibilities that have been assigned to the various bodies. I would suggest that the Committee should please take time and ensure that there is no overlap so that those critical areas do not become nobody's areas. I give an example of what exists today between PPPRA and DPR in certain areas.

One fundamental issue that the Bill has completely omitted is the requirement, which I believe is extremely important. The requirement for major producers of our crude oil to ensure that, at least, half of the crude they produce is processed in this country. The Bill says nothing whatsoever about that. This is an opportunity for Nigeria to reflect that licences will only be granted to people who are prepared to process a minimum of 50 *per cent* of their production locally.

The Bill also suggests that the various existing Joint Ventures will be incorporated into private Limited Liability Companies. That is fine. We have already said that the issue of the communities has been over flogged but it bears repetition that the communities be allowed through the states, local governments and the communities to have share participation in those companies when they are incorporated.

I have also observed that there are certain Clauses of the Bill which I do not want to name, that tend to legislate what should ordinarily be the business arrangements between companies. An example is asking one company or organisation to offer indemnification to another organisation. That is something that ought to be left to the two people that are going into an agreement.

Finally, one of the most important areas is the issue of environment. Enough emphasis has not been placed in ensuring that operating companies observe and maintain minimum environmental standards. That should be re-emphasised and one way to ensure that they are observed is to ensure that there are penalties attached to violations of the environment.

Senator Nimi Barigha-Amange (Bayelsa East): Mr. President, I rise to vehemently oppose this Bill. My reasons are so numerous but I would only give very few.

Splitting the NNPC: will this Bill address the sufferings of the oil producing communities? In splitting the NNPC, will the environment of the oil producing communities be resuscitated? Will it give jobs in the petroleum industry to the oil producing communities? Will it resuscitate the creeks, the rivers and the streams from where the oil producing communities do their fishing? Can it stop the acid rain that falls on the roofs of the people of the oil producing communities? It is not just enough to split NNPC to ten autonomous companies. The issue on ground today, is how to take care of the oil producing communities so that Nigeria can produce enough oil for the Seven Point Agenda.

In the Bill royalty is still going to the Federal Government. What portion of it will go to the oil producing communities is not stated in this Bill.

I also oppose this Bill because of gas pricing. Today, we need a lot of gas for domestic and industrial use and for electricity and so on. Now, you are setting up a gas regime with a very high price. If you do that, you will scare away investors. Investors will not be able to come in. Investors can only come in here if you allow them to sell the gas at market price.

Let me remind us, that today we are talking about deregulation of the downstream. Why? From the beginning, we decided to regulate the downstream and government is finding it difficult

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to deregulate. You want to exploit gas and you are coming up with regulation again. By the time you feel that you are not getting enough money and you want to deregulate, you will run into crisis again. I oppose this Bill for that reason again.

Will the splitting of the NNPC clean up the environment of the oil producing communities? It will not. This Bill should be sent back to the Executive that brought it for them to consider all the questions I have raised. If these questions are not properly answered, then I will continue to oppose the Bill and I am calling on all my friends in this Chamber to oppose this Bill in its entirety.

Senator Heineken Lokpobiri (Bayelsa West):

Mr. President, I want to start by saying that I am opposed to this Bill in its roots, stem and branches. This Bill, as far I am concerned, is absolutely unnecessary both in character and content, therefore the appropriate place to send it to is the River Niger. I say so because I do not want any of us to be sentimental about this Bill. The Senate is the highest lawmaking body in this country. Any mistake that is made by this hallowed Chamber will have far reaching effect on Nigerians.

The first issue that I want every Senator here to pause for a minute and reflect on, is whether the problem that have bedevilled our oil industry in this country, has it been that of lack laws? I repeat. Has the problem bedevilling the oil industry in this country been that of laws? The answer is in the negative.

It may interest you and my distinguish Colleague to note that we have noting less than 20 laws regulating different aspects of our petroleum industry. If I may have your permission let me just mention some of them that have already been captured in this particular Bill.

In Nigeria, we have the Petroleum Act; the Petroleum Profit Tax Act; the Oil Pipelines Act; the Minerals Oil Safety Act; the Oil Terminals Act; the NNPC Act; the Associated Gas Re-injection Act; Deep Off-shore and Inland Basin Production Contract Act; The Hydrocarbon Oil Refinery Act; Motor Spirits Return Act; the NNPC Project Act; NNPC (Amendment) Act of 2007; Petroleum Products Pricing Regulatory Agency Act; Petroleum Equalization Act and so many other laws that are there to regulate different aspects of our petroleum industry. If we have any problem in our petroleum industry, the issue is not that of lack

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of laws, it has to do with lack of implementation. Unless we address the root cause of the failure of our petroleum industries, we will be getting it wrong.

The summary of the point I am making is that why our petroleum industry has remained the way it is today, is not because of lack of law. In Clause 478 of this Bill, this Bill is seeking to repeal all these laws. For whatever reason, I cannot comprehend.

This Bill, at best, has attempted to summarise the contents of all these other Petroleum Acts that are already in existence regulating the industry from 1958 till today. It is not correct as some people have contended that these laws are obsolete. No. These laws have been subjected to periodic amendments up till date. The issue is not we sitting here and in one swoop amend or repeal between 16 and 20 elegantly crafted laws.

As far as I am concerned, this Bill is absolutely unnecessary, somebody somewhere is lazy, and so the person just woke up one morning and tried to summarise or take from the different contents of the laws already in existence and tend to put them into one Bill and send it to the National Assembly for us to pass it into law. We should not accept that temptation. If we do that, we will regret at the end of the day because this Bill does not capture all the contents of the laws that have been regulating the petroleum industry till today and it will be a big mistake to repeal in one swoop as demanded in Clause 478 to repeal all those laws when this one does not even contain all the salient issues that are supposed to be covered in all those other laws.

Having said that, before now the impression some of us have is that the Petroleum Industry Reform that they want to do was, perhaps, to unbundle the NNPC so that NNPC will be able to compete favourably with Shell, Agip and the likes. If that is the intension, what we need to do is simply to amend the NNPC Act and not to repeal all the other existing Petroleum Acts that this National Assembly itself has suffered over years to pass.

It for these reasons that I am saying that this Bill is absolutely unnecessary, undesirable, somebody somewhere is lazy and so we should reject this Bill without sentiment.

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Senator Nimi Barigha-Amange: Point of Order, Mr. President!

The President: Yes, Point of Order, Senator Barigha-Amange.

Senator Barigha-Amange: My Point of Order is under Order 55(2) and (3) with your permission I read:

Order 55(2): *During the debates on all motions and bills, the President of the Senate shall allow speeches for the proposal first followed by speeches against the proposal,*

55(3) *The President of the Senate shall allocate one-half of such time to be given to debate in favour of and one-half to debate in opposition to such proposition.*

Senate President: Read those Rules in conduction with Order 25(b)

Senator Nimi Barigha-Amange: Order 25(1): *The President shall preside at sittings of the Senate;*

25(1)(b): He shall be responsible for the observance of the Rule of Order in the Senate and the Committee;

The President: It is me who will interpret the Rules. I just want you to get that right before I rule. Having listened to you, it is only those who raised their hands to oppose it that I will call and it will not be everybody who raises his hands that I will call in the same way as those who raised their hands supporting it were not all called. I hope you are clear now. So, I rule you out of Order. The observance of the Rules is mine, not yours. I very graciously and kindly, too, rule you out of Order.

Distinguished Colleagues, it has been a very healthy debate and I appreciate the fact that people are very concerned about the situation of the areas where the oil is produced from. This is because rightly they are Nigerians and we need to be conscious of that. I believe that when this is sent to the Committees that would be involved, they will make sure that they are properly addressed.

I am also sure that you have all listened very attentively to the issue of environment which was canvassed very seriously on the Floor here, too, and they will be properly taken care of at the

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Committee level. I believe that in the course of your Public Hearing you will consolidate all the views that will be brought there. Please make sure that these views are properly consolidated and reflected properly in the final Bill before it gets to us here.

On that note, I put the Question in favour of the Second Reading of this Bill.

Question put and agreed to.

Bill accordingly read the Second Time and referred to the Committees on Petroleum Upstream, Petroleum Downstream and Gas.

Senator Ahmed Makarfi (Kaduna North): Mr. President, a major Act being repealed by this Bill is the Petroleum Profit Tax. A major component of this Bill is fiscal so, I believe there is a lot of work for the Finance Committee to be part.

The President: Let me emphasise here that when a Bill goes to a Committee, the other Committees can go there and make a major input if they feel strongly about it.

Senator Ikechukwu Obiora (Anambra South): Mr. President, the minutiae and the legal ischemia as exemplified by the number of Bills and Acts enumerated by Senator Heineken make it absolutely imperative that the No. 1 Committee on this particular Bill is Judiciary followed by Petroleum (*Interruptions*)

What is more, we have an opportunity to address the issue of local contents, that is the strategic Nigerianization of the petroleum sector and we can only do that through laws. The issue of Halliburton on pricing and inflation comes to fore again and that is why it is imperative that (*Interruptions*)

The President: I will want you to land but with all due respect, there is no Bill in the Senate here that the Judiciary, by your augment, will not be involved. This is because every Bill here is all legal anyway and that is the basis from which you are coming. There is nothing special about this Bill.

Senator Olorunnimbe Mamowora: Point of Order, Mr. President!

The President: Distinguished Senator Mamowora, you can raise your Point of Order.

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Senator Olorunnimbe Mamowora: It is Order 81(2) which states:

A bill touching on the jurisdiction of two or more committees shall be referred to the committee having dominant jurisdiction the other committees affected shall be constituted into sub-committees thereof for the purpose of considering and reporting to the main committee on aspects of the bill affecting their committees.

I would like to submit that in this instance, there is no doubt that the Upstream Committee is the dominant Committee by our Rules and, of course, the Downstream and the Gas are the sub-Committees in this instance.

The President: Senator Mamowora, your Point of Order is noted. Senator Obiora, the Committee on Judiciary is important in every Bill we do here so, the issue of Judiciary does not come in at all. Let us not devote extra time on it.

Senator Grace Bent, you are insisting on Committee on Environment but that simply does not come in here at all because the section on environment here requires you to make an input in that section. Please, everything here is not on environment. The main thing here is petroleum and not environment. We should get that right because you are insisting. The way Senators reacted ought to have told you immediately not to pursue where you were going. I do not know why you are insisting on it. Senator Barigha-Amange, can you advise us properly here.

Senator Nimi Barigha-Amange: Mr. President, what I am trying to say is that Upstream should actually be the main Committee while sub-committees include Downstream, Gas and Environment.

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The President: Senator Barigha-Amange is very biased. The Committees are Upstream, Downstream and Gas. The other Committees can go there and make input.

Please, I want to appeal here passionately, that there shall be no Soul Administrator. The three Chairmen must make sure that this is handled expeditiously because this Bill is important and it should be treated as quickly as possible. You should make sure that you take everything that has been discussed there into consideration.

We will give you three weeks because you have to go for Public Hearing and the Bill itself is very bulky. The Chairman of Upstream Committee will be the Chairman of the Committee put together. Whoever is the Chairman of Committee on Upstream, there should be no Sole Administrator, please. It is given to three Committees to report back in three weeks.

ADJOURNMENT

Senator Teslim Folarin: Mr. President, I move that this Senate do now adjourn till tomorrow 2nd July, 2009 at 10.00 a.m.

Senator Adeleke Mamowora: Mr. President, I rise to second the Motion that this Senate do now adjourn till tomorrow 2nd July, 2009 at 10.00 a.m.

Question put and agreed to.

Resolved: That the Senate do stand adjourned till Thursday, 2nd July, 2009 at 10.00 a.m.

The Senate adjourned accordingly at 1.55 p.m.