



HOUSE OF REPRESENTATIVES FEDERAL REPUBLIC OF NIGERIA

VOTES AND PROCEEDINGS

Wednesday, 1 November, 2006

1. The House met at 2.05 p.m. Mr Speaker read Prayers.
2. **Votes and Proceedings:**
Mr Speaker announced that he had examined and approved the Votes and Proceedings of Tuesday, 31 October, 2006.
By unanimous consent, the Votes and Proceedings was adopted.
3. Message:
Mr Speaker read a Message from the President, Federal Republic of Nigeria:



PRESIDENT,
FEDERAL REPUBLIC OF NIGERIA

PRES/134

Alhaji Aminu Masari,
Honourable Speaker, House of
Representatives, National
Assembly Complex, Abuja

Dear Hon. Speaker,

LONDON CLUB DEBT EXIT-UPDATE

The Honourable Speaker may please recall that following our successful exit from Paris Club debts, I intimated the National Assembly about our desire to focus our attention on exiting the London Club debts. I am pleased to inform you that based on a thorough and comprehensive review of the strategic options available to us, we have initiated the process of redeeming our London Club debts.

The London Club debt portfolio currently comprises of Par Bonds and Promissory Notes. The residual principal outstanding on these instruments amounts to US\$1,441,793,302 and US\$544,528,914 respectively. In addition to these liabilities, the Par Bonds have associated oil warrants that require payments to be made when oil prices rise above \$28 per barrel consistently for six months. The Par Bonds have their origin in the arrears of term loans owed to foreign commercial banks as well as some 'arrears of letters of credit, bills of collection, open accounts, etc which were accumulated by Nigeria in the 1980s. These Bonds are expected to

be fully paid off on November 15, 2020. In the same vein, the Promissory Notes, which were issued by the Central Bank of Nigeria (CBN), resulted from uninsured short-term trade debt, accumulated in the early 1980s. An exhaustive verification of these debts was conducted by Chase Manhattan Bank in the mid-1980s following which a lot of dubious and doubtful debts were weeded out. The Promissory Notes which are currently held by numerous retail investors are scheduled to be fully paid off on January 15, 2010.

It is pertinent to note that in considering the strategic options open to us for redeeming the London Club debts, the challenges faced were that the benefits derivable from the London Club debt exit are not comparable with those obtainable under the recent Paris Club debt deal. First, the negotiation process entails dealing with numerous "faceless" creditors holding instruments whose ownership may have changed several times through trading in the international capital markets. Secondly, the holders of Par bonds will also not be willing to make additional concessions since substantial relief was granted to Nigeria in 1991-1992 when those debts were being restructured. In addition, these instruments contain several onerous legal terms which make it difficult or costly to default. In some instances, our sovereign immunity has been waived, which means that in the event of default, the holders of these instruments could obtain favourable judgment that will allow the attachment of Nigeria's assets abroad (including Central Bank and NNPC assets). In these instances, our leverage is considerably reduced. These debts have also hindered Nigeria's ability to have a benchmark that would spur foreign direct investment.

We have considered a number of options in addressing this issue of the London Club debts, which include:

- a) A Call Option to secure a permanent exit from this debt. This involves calling the Par Bonds at Par value and paying off holders.
- b) A Debt-for-Debt exchange which involves the existing holders of Nigeria's Par Bonds being required to exchange their current bonds for a new (say 15 years) US dollar-denominated bond equal to the tender value at the time of the exchange.
- c) Call of existing bonds and re-issuance of new instruments.

After careful assessment of these options, we have opted for financing our London Club debt exit using our internally-generated resources to exercise the Call Option. This will allow us to retire all categories of Nigeria's London Club debts in the next few months.

We have evaluated the benefits of redeeming the London Club debt and found out that it would confer immediate financial and economic benefits to Nigeria. First, besides allowing a permanent exit from the London Club debt, it would generate savings in terms of interest burden. It would also serve to enhance our overall balance sheet in, terms of our external debt stock thereby improving our economic profile.

As you well know, Federal Government officials have over the last few months worked closely with some representatives of the National Assembly on this issue. May I seize this opportunity to express my appreciation for this collaborative effort. We look forward to the continuous involvement and support of the National Assembly as we proceed with the implementation of the London Club exit strategy. You may also wish to note that we are engaging the participation of the States as key stakeholders in this process.

Let me conclude by reiterating the determination of our Administration to secure an exit from London Club debts with a view to leaving a lasting legacy for future generations of Nigerians.

Kindly accept the assurances of my highest consideration.

Yours sincerely,

(Signed)

OLUSEGUN OBASANJO

4. Announcements:

(i) *Obituary;*


Mr Speaker acquainted the House with the death of Honourable Noel Tubo Bob - Manuel, Member, House of Representatives 1979 - 1983 on 14 October, 2005. He would be buried in his home town Abonnema, Akuku Toru Local Government Area of Rivers State on Saturday, 11 November, 2006.

(ii) *Visitors:*

Mr Speaker recognized the presence of members of the Nka Iberedem Multi-Purpose Co-operative Society Limited in the Gallery, at the instance of Hon. Ezekiel Anaka.

(Hi) Communication from the National Judicial Council:

Mr Speaker read the following letter from the Chief Justice of Nigeria and Chairman, National Judicial Council:



CHIEF
 NATIONAL JUDICIAL COUNCIL, SUPREME COURT COMPLEX,
 Tel. No. (09) 523 6841
 Fax No. (09) 234 6711
 JUSTICE OF NIGERIA
 AND CHAIRMAN
 ABUJA –

THREE ARMS ZONE,
CENTRAL DISTRICT,

19th September, 2006

Ref. No. CJN/NASS/44C/II/479

Nasiru I. Arab, Esq.
 Clerk to the National Assembly,
 National Assembly Complex,
 Three Arms Zone,
 P.M.B. 141,
 Abuja.

Dear Clerk,

**RE: IN THE PETITION OF OGBAKO ETCHE A SOCIO-CULTURAL
 ORGANISATION IN RIVERS STATE AGAINST THE SHELL
 PETROLEUM DEVELOPMENT COMPANY OF NIGERIA**

I received your letter under the above subject-matter Ref. No. NASS/CHR/020/IX/1 73 dated 7th September, 2006. As there is a subsisting order of court of law, the House will be advised to exercise maturity as in any democracy. The options open to the House is either to ask the court to vacate the order or appeal immediately to Court of Appeal that will accelerate the hearing.

2. *I thank you for informing me but the National Judicial Council has no jurisdiction to interfere with court order, even if it is patently given in error.*

(S.M.A. Belgore, CON)
 Chief Justice of Nigeria and Chairman,
 National Judicial Council

5. Virement/Amendment Proposal to Ministries, Departments and Agencies, Vide Votes and Proceedings of Thursday, 26 October, 2006:

Referred to the Committee on Appropriations for further action.

6. Petition:

A petition was received and referred to the Committee on Public Petitions:

Hon. N. C. Ughanze, from Cosmas IK. Enweluzo & Co on behalf of Mr Onyekwe Chima, praying the House to prevail on the Nigeria Air Force to release the client's property situate at No. 2 Savannah Avenue, Rumuomasi, Port Harcourt and grant the reliefs sought in the petition.

7. Joint Committee on Electoral Matters, Appropriation and Finance: Periodic Report on Preparations for the Conduct of the 2007 General Elections:

Pursuant to the Order to the Joint Committee to brief the House from time to time on the above subject matter, *vide* the Votes and Proceedings of Tuesday, 12 September 2006, and another directive by the Leadership of the House to the Joint Committee to monitor the on-going Registration Exercise in the country, Hon. Hamisu Shira, informed the House that the Joint Committee assigned its Members to various States of the Federation to monitor the Registration Exercise. The Joint Committee observed that the exercise was plagued by inadequate electronic registration machines. He noted that the Independent National Electoral Commission had recommended the purchase of thirty three thousand units of these machines instead of one hundred and twenty thousand considered adequate for the exercise. The Joint Committee further observed that the exercise was

characterized by power failure, interminable delays at the Registration Centres as well as various logistic problems. He reported that so far, the sum of twenty-three (23 billion) Naira had been released to the Commission for the conduct of both the Registration Exercise and preparations for the 2007 General Elections. Given the fact that the Registration Exercise was in its third week, he declared that the Joint Committee was not in a position to make a definitive statement on the development and prayed the House to grant the Committee leave to issue such a statement the next Legislative week.

Debate:

Question, that the House do now entertain a motion on the subject matter pursuant to Standing Order VIII, Rule 8 (l) agreed to.

8. On-Going Voters' Registration Exercise and Preparations for the Conduct of 2007 General Elections.

The House:

Notes the Report of the Chairman, House Committee on Electoral Matters on the on-going Registration Exercise in the country and preparations for the 2007 General Elections;

Further notes, the views expressed by Members on the Report in the course of debate on the matter;

Concerned about the inadequacy of the number of Electronic Registration Machines deployed throughout the Federation for the conduct of the exercise and the problems associated with these machines;

Apprehensive of the looming danger posed by the continuous use of these machines and its threat to democracy;

Resolves to:

Invite the Chairman, Independent National Electoral Commission to appear before the House on Tuesday, 7 November, 2006, at 10.00 a.m. to justify the continuous use of the said machine (*Hon. Abdul Ningi*).

Debate:

Main Question put and agreed to.

Resolved:

The House:

Noted the Report of the Chairman, House Committee on Electoral Matters on the on-going Registration Exercise in the country and preparations for the 2007 General Elections;

Further noted, the views expressed by Members on the Report in the course of debate on the matter;

Concerned about the inadequacy of the number of Electronic Registration Machines deployed throughout the Federation for the conduct of the exercise and the problems associated with these machines;

Apprehensive of the looming danger posed by the continuous use of these machines and its threat to democracy;

Resolved to:

Invite the Chairman, Independent National Electoral Commission to appear before the House on Tuesday, 7 November 2006, at 10.00 a.m. to justify the continuous use of the said machine (**HR. 61/2006**).

9. Presentation of Reports:

(i) *Committee on Aviation:*

Motion made and Question proposed, "That this House do receive the Report of the House Committee on Aviation on the ADC Flight 053 Air Mishap at Tunga Madaki Village, Abuja" (*Hon. K.G.B. Oguakwa*).

Order read; Presentation of Report by leave of the House deferred till Tuesday, 1 November, 2006 to enable the Committee present afresh Report.

(ii) *Committee on Emergency and Disaster Management:*

Motion made and Question proposed, "That this House do receive the Report of the House Committee on Emergency and Disaster Management on the Investigation into the Collapsed Dam in Birnin Ruwa, Gusua, Zamfara State" (Hon. Ita Enang).

Question put and agreed to.

Report Laid.

10. A Bill for an Act to Provide for the Establishment of a Chartered Institute of Capital Market Registrars for More Effective Regulation and Control of the Practice of Share Registration and Connected Matters, 2006 (HB. 201) - Third Reading:

Motion made and Question proposed, "That a Bill for an Act to Provide for the Establishment of a Chartered Institute of Capital Market Registrars for More Effective Regulation and Control of the Practice of Share Registration and Connected Matters, 2006 be now read the Third Time" (Hon. Abdul Ningi).

Question that the Bill be now read the Third Time, put and agreed to. Bill

read the Third Time and passed.

11. A Bill for an Act to Provide for the Establishment of the Office of the Auditor General for the Federation and for Matters Connected Therewith, 2006 (HB. 219) — Third Reading:

Motion made and Question proposed, "That a Bill for an Act to Provide for the Establishment of the Office of the Auditor-General for the Federation and for Matters Connected Therewith, 2006 be now read the Third Time" (Hon. Abdul Ningi).

Question that the Bill be now read the Third Time, put and agreed to. Bill

read the Third Time and passed.

12. A Bill for an Act to Provide for the Regulation of Air Navigation, Establishment of the Nigerian Civil Aviation Authority and for Other Purposes Connected Therewith, 2006 (HB. 197) — Third Reading:

Motion made and Question proposed, "That a Bill for an Act to Provide for the Regulation of Air Navigation, Establishment of the Nigerian Civil Aviation Authority and for Other Purposes Connected Therewith, 2006 be now read the Third Time" (Hon Abdul Ningi).

Question that the Bill be now read the Third Time, put and agreed to. Bill

read the Third Time and passed.

13. A Bill for an Act to authorise the issue from the Consolidated Revenue Fund of the Federation the total sum of N2,266,394,423,477 (Two Trillion, Two Hundred and Sixty-Six Billion, Three Hundred and Ninety-Four Million, Four Hundred and Twenty-Three Thousand, Four Hundred and Seventy-Seven Naira) only of which, N326,000,000,000 (Three Hundred and Twenty-Six Billion Naira) only for Statutory Transfers, N102,300,000,000 (One Hundred and Two Billion, Three Hundred Million Naira) only is for Debt Service, while N1,056,563,540,997 (One Trillion, Fifty-Six Billion, Five Hundred and Sixty-Three Million, Five Hundred and Forty Thousand, Nine Hundred and Ninety-Seven Naira) only is for Recurrent (Non-Debt) Expenditure while the balance of N781,530,882,480 (Seven Hundred and Eighty-One Billion, Five Hundred and Thirty Million, Eight Hundred and Eighty-Two Thousand, Four Hundred and Eighty Naira) only is for Contribution to the Development Fund for Capital Expenditure for the year ending on the 31st December, 2007 — Second Reading.

Motion made and Question proposed, "That a Bill for an Act to authorise the issue from the Consolidated Revenue Fund of the Federation the total sum of N2,266,394,423,477 (Two Trillion, Two Hundred and Sixty-Six Billion, Three Hundred and Ninety-Four Million, Four Hundred and Twenty-Three Thousand, Four Hundred and Seventy-Seven Naira) only of which, N326,000,000,000 (Three Hundred and Twenty-Six Billion Naira) only for Statutory Transfers, N102,300,000,000 (One Hundred and Two Billion, Three Hundred Million Naira) only is for Debt Service, while N1,056,563,540,997 (One Trillion, Fifty-Six Billion, Five Hundred and Sixty-Three Million, Five Hundred and Forty Thousand, Nine Hundred and Ninety-Seven Naira) only is for Recurrent (Non-Debt) Expenditure while the balance of N781,530,882,480 (Seven Hundred and Eighty-One Billion, Five Hundred and Thirty Million, Eight Hundred and Eighty-Two Thousand, Four Hundred and Eighty Naira) only is for Contribution to the Development Fund for Capital Expenditure for the year ending on the 31st December, 2007 be now read a Second Time" (Hon. Abdul Ningi).

Debate:

Question that the Bill be now read a Second Time, put and agreed to.

Bill read a Second Time and referred to the Committee on Appropriations; all Standing Committees of the House to serve as Sub-Committees of the Committee.

14. Approval of Votes and Proceedings:

Motion made and Question proposed, "That this House do adopt the Votes and Proceedings of This Day, Wednesday, 1 November, 2006" (Hon. ItaEnang).

Question put and agreed to.

15. Adjournment:

And it being 5.10 p.m., the House adjourned till Tuesday, 1 November, 2006 or 10.00 a.m.

Aminu Bello Masari
Speaker