

2014 BUDGET SPEECH DELIVERED BY THE GOVERNOR OF
ONDO STATE, DR. OLUSEGUN MIMIKO, TO THE ONDO
STATE HOUSE OF ASSEMBLY ON TUESDAY 31ST
DECEMBER, 2013

The Right Honourable Speaker,

The Right Honourable Deputy Speaker,

Principal Officers of the House of Assembly,

Honourable Members of the Ondo State Sunshine Assembly of Hope,

As we stand today at another threshold of history, I give thanks to God Almighty for His grace and the privilege granted me to present the fiscal instrument for year 2014 to the people of Ondo State through this Sunshine Assembly of Hope. Today's budget presentation is the fifth in the series of **"A Caring Heart budget"** of this administration.

2. I, therefore, wish to express my pristine gratitude to the good people of Ondo State whose goodwill I have enjoyed thus far. Likewise, do I thank, particularly, Mr. Speaker and the

Honourable members of this Assembly, for the depth of experience and sagacity that they have brought to bear on legislative governance in the State.

3. Honourable members, I am delighted to report that we have used our previous budgets to accelerate the pace of socio-economic transformation of the State through faithful implementation of our 'A Caring Heart' programmes. We have kept faith with our promise to work for the people of the State. Today, Ondo State is not only a global benchmark in a couple of initiatives, the diligent and sincere implementation of our programmes has attracted the commendation of statesmen throughout the nation, and even across political divides, and elicited public acknowledgement of our modest achievements.

Some of these initiatives, include:

- (i) Abiye Safe Motherhood Programme;
- (ii) Mother and Child Hospitals;
- (iii) Trauma & Surgical Centre;

- (iv) Kidney Care Centre;
- (v) Urban Renewal Programme;
- (vi) Caring Heart Mega Schools, seven of which were commissioned last month and others are on-going. We have also redesigned the concept to accommodate semi – urban communities.
- (vii) Commissioning of Orange FM, a broadcast station that is fast making a name for itself as a station of choice for news, entertainment and enlightenment;
- (viii) Additional modern neighbourhood markets;
- (ix) Potable water supply through rehabilitation of Awara, Ido-Ani, Ifon, Owo and Kamomi Schemes in sub-urban/rural communities;
- (x) Oba-Ile Sunshine Estate and other housing schemes that are on-going; and

(xi) Disbursement of fund for community implemented projects under our 3is initiative which has been rebranded as 'Kajose – Kajola'.

REVIEW OF 2013 BUDGET ESTIMATES

4. Mr. Speaker, Sir, the state operated a total budget of ₦152.5 billion in the 2013 fiscal year, inclusive of a ₦23 billion Bond. However, our revenue projection experienced some economic upheavals that adversely affected revenue inflow. On the global stage was the lingering effect of the general economic meltdown, which affected the fortunes of the nation. At the national level, oil pipeline vandalism, oil theft and illegal bunkering significantly reduced earnings from oil which is the major component of the Federation accounts. All these factors contributed to the moderate performance of revenue in the outgoing year. As at the end of October, 2013, revenue receipts, exclusive of the ₦23 billion Bond which was not accessed, stood at 64% of total expected revenue.

5. In spite of the lean revenue inflow, Mr. Speaker, we have, through prudential management of the State resources, continued to provide needed infrastructure and fulfilled essential obligations of government, including the payment of workers salary as and when due. We have built a world-class Medical Village in Ondo and of recent a modern Civil Service Commission Complex in Akure. Similarly, an Ultra-modern Public Service Training Institute has been completed and will be put to use in 2014. We have also pursued the Ondo State Independent Power Project at Omotosho to 75% level of completion. In addition, we have achieved mileage at the Ondo State University of Science and Technology (OSUSTECH) with the accreditation by the National University Commission of all the ten academic programmes being run in the institution. In the same vein, we completed several landmark projects at the Adekunle Ajasin University, Akungba Akoko, such as the Senate building, the Internet Resource Centre and the Vice Chancellor's lodge. We, as

well, gave boost to academic activities at the Rufus Giwa Polytechnic Owo through the construction of an Artisan Workshop to boost technical and vocational education, the completion of an 800-seater auditorium, the Student Union building and the Principal Officers' lodge. We equally initiated a number of road projects of about 753.43 kilometers across the three senatorial districts of the state. While some of these projects have been completed in 2013, others will be delivered in 2014.

OBJECTIVES AND POLICY THRUSTS OF THE 2014

ESTIMATES

6. In the last five years, we have as a State, embarked on a number of initiatives, some of which have earned the State special recognition and accolade. Some of these initiatives have been delivered while a number are still on-going. However, in view of the general economic trend in the Country, it is our desire to concentrate more effort on revenue generation with a view to completing the on-going projects. Hence, the major objective of

the 2014 estimates is the consolidation of the modest gains of the last five years by delivery of most of the ongoing projects. This will be achieved through the following strategies:

- (i) giving priority attention to projects nearing completion;
- (ii) admitting strategic projects whose completion would improve the economy of the State; and
- (iii) vigorous maintenance strategy for all public facilities especially those iconic projects like the Mega Schools which were initiated in the last four years;

7. In order to achieve the aforementioned objectives, therefore, the following policy guidelines will be adopted:

- (i) revitalizing revenue generation drive;
- (ii) completing and delivery of on-going projects ;
- (iii) continuous provision of health facilities and re-invigoration of existing conventional health institutions;

- (iv) institutionalizing structured maintenance programme for all public infrastructure in the State;
- (v) catalyzing industrial resurgence in the State by the provision of power and energy through completion and delivery of the Independent Power Project; and
- (vi) emplacing projects that will expand the economic base of the State.

2014 REVENUE PROJECTIONS

8. Honourable members, in order to achieve the visions and aspirations encapsulated in the policies for 2014, a total of ₦162.00 billion is expected from various revenue heads in the course of the year. This projection is predicated on some of the assumptions contained in the 2014-2016 fiscal strategy document of the Federal Government, which are extraneous indices to the state. Some of the assumptions are an oil benchmark price of \$77.5 per barrel; 2.4 million crude oil production per day and an

inflation rate of 9.9%. Consequent upon these, the projected revenue is made up as follows:

	N'b
(i) Statutory Allocation	43.000
(ii) Independent Revenue (a.k.a IGR)	15.000
(iii) Value Added Tax (VAT)	10.000
(iv) Rolled Over Fund	7.000
(v) Mineral Derivation Fund	20.000
(vi) SURE-P	5.000
(vii) NNPC Refund	2.000
(viii) Bond	23.000
(ix) Loan/Leases	15.000
(x) Grants/Credits from Development Partners	6.000
(xi) Refund from FGN on repair of Federal Roads	2.000
(xii) Excess Crude Account	10.000
(xiii) Education Endowment Fund	3.000

(xiv) Sundry Income/Divestment	<u>1.000</u>
Total	<u>162.000</u>

9. The projected total revenue above is a marginal increase of 6% over the N152.5 billion Budget of year 2013.

EXPENDITURE ESTIMATES

10. Mr. Speaker Sir, a serious challenge facing any developing economy is the delicate balance between the composition and direction of the expenditure profile. We had deliberately followed a strategy of allocating more funds for capital development in our previous budgets so as to expand our economic base. We will follow this tradition in the 2014 fiscal year. Hence, a recurrent/capital mix of 43%:57% is adopted for 2014.

RECURRENT EXPENDITURE

11. In order to keep the structures of governance running in the next fiscal year, a total of N69.681 billion has been earmarked for recurrent expenditure as follows:

Amount (N'b)	%
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(i)	Personnel Cost	35.371	50.8
(ii)	Overheads	5.184	7.4
(iii)	Recurrent Grants to Parastatals and Tertiary Institutions	7.457	10.8
(iv)	Special Programmes	13.469	19.3
(v)	Consolidated Revenue Fund Charges	8.030	11.5
(vi)	Grants and Loans	<u>0.170</u>	<u>0.2</u>
	Total	<u>69.681</u>	<u>100.00</u>

CAPITAL EXPENDITURE ESTIMATES

12. Mr. Speaker Sir, as part of our strategy for social inclusiveness, a two-pronged approach, which will substantially expand the economic base of the state and provide more social assets and safety nets to the people will be used in 2014. The first being to catalyze industrial resurgence in the state, by completing the Ondo State Independent Power Plant at Omotosho. This is to substantially improve power supply to industrial and commercial initiatives, and propel anticipated

economic activities to unprecedented level in the next few years. The second approach is through creation and maintenance of new social assets that will promote social protection.

13. Mr. Speaker, the main cash crop produced in this State is cocoa. However, the main beneficiary of cocoa production is not our farmers who toil day and night to produce the cocoa, but mainly the entrepreneurs who add value to the raw cocoa beans. In order to reverse this trend and ensure that cocoa farmers in Ondo State benefit maximally from the production of cocoa, a new cocoa revolution initiative, which is designed to avail our farmers of increased share of the integrated cocoa value chain as well as increase the production and productivity of our cocoa farmers will be pursued in 2014. We intend, at the end of the day, to move our farmers from the farm level to the factory level and thus create a new pool of cocoa entrepreneurs in the State who will, through value addition, attract more of the benefits of cocoa farming to the State.

14. Honourable members, as you are aware, one of the greatest challenge of our society today is youth unemployment and underemployment. If we must tackle this problem, therefore, we must give pride of place to modern agricultural practices. Therefore, we intend to continue with the Agricultural Business Cities initiative in 2014, to deepen modern agricultural practices and agro processing initiatives as a major employment and wealth creator.

15. In the current year, Mr. Speaker, we succeeded in running the pilot scheme of our land titling reforms in three local government areas. In 2014, the scheme will be expanded to cover all the other local governments and in a few years, we will have the capacity to literally reduce problems of land acquisition and titling to the barest minimum through the deployment of Information Communication Technology (ICT).

16. Furthermore, there is no gainsaying the fact that the world is moving away from labour-intensive production to a knowledge-

based economy. ICT is therefore central to inclusive growth in the new era. Hence, the democratization of access to ICT infrastructure is of utmost importance if we must progress as a people. To this end, a string of initiatives to broaden ICT penetration in the state has been earmarked for implementation in 2014 and this includes:

- increasing ICT facility and training in schools across the state;
- improving statewide broadband programme;
- creating ICT learning and access centres across the state, and
- operationalising Kaadi Igbe Ayo programme in 2014.

17. While pursuing all measures to substantially broaden the economic base of the State as earlier mentioned, we will also continue with the provision of social assets as part of our social protection programmes in the State. In this wise, the ABIYE safe motherhood programme will be sustained and substantially

deepened to include areas that are yet to be captured in its operations. Also, our urban renewal programmes will be re-invigorated to ensure that we maintain and sustain the tempo and intensity of our city clean up initiatives. We will put up a comprehensive strategy in a policy framework to drive urban regeneration schemes in the state.

18. Aside from the foregoing, Mr. Speaker, we will continue in the drive to ensure that children of school age attend school stress-free and timely too. Therefore, we will substantially expand the free School Shuttle bus programme to other communities yet to benefit in 2014 to ensure that all our school children continue to enjoy the facility. We have also made provision to embark on a very radical women empowerment programme in 2014, designed to ensure that our women optimize their potentials and contribute maximally to economic and political issues in the state.

19. For all these and other initiatives, Mr. Speaker, a total of N92.319 billion is proposed for capital development in year 2014. This includes the provision of N10.240 billion as statutory grant to OSOPADEC. The breakdown is as follows:

SECTORAL BREAKDOWN OF THE CAPITAL EXPENDITURE

Sector	Amount (N'b)	%
i. Economic	37.643	40.77
ii. Social Services	21.504	23.29
iii. Regional	10.240	11.09
iv. Law and Justice	0.661	0.72
v. Administration	6.621	7.17
vi. Debt repayment/servicing	<u>15.650</u>	<u>16.95</u>
Total	<u>92.319</u>	<u>100.00</u>

20. Distinguished Honourable members, fund has been proposed for the following specific programmes across all sectors of the economy in 2014 fiscal estimates:

(i)	Wealth Creation Initiatives	1.500 billion
(ii)	Cocoa Revolution programme	2.000 billion
(iii)	Rehabilitation and construction of State highways	10.000 billion

(iv)	Maintenance of roads	1.000 billion
(v)	Completion of on-going water projects	1.170 billion
(vi)	Completion of International Culture and event Centre	1.620 billion
(vii)	Improvement of Akure Airport	2.000 billion
(viii)	Urban renewal activities	0.244 billion
(ix)	Upgrading and maintenance of public buildings	0.300 billion
(x)	Construction of additional Caring Heart Mega Primary Schools	3.240 billion
(xi)	Establishment and maintenance of Innovation Centre and graduate Conversion programme	0.250 billion
(xii)	Establishment of Mother and Child Hospital at Ikare and Okitipupa	0.600 billion
(xiii)	Renovation and upgrading of Secondary Health facilities	0.400 billion
(xiv)	Free Health Drugs	0.500 billion
(xv)	Trauma Centre	2.500 billion

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| (xvi) | Emergency Medical Services | 0.400 billion |
| (xvii) | Completion of the Ondo State Integrated Power Plant Project at Omotosho | 2.200 billion |
| (xviii) | Completion of on-going projects in Public Secondary Schools | 1.000 billion |
| (xix) | Computer in Schools programme | 1.000 billion |

PUBLIC SECTOR

21. Permit me to say, Mr. Speaker, that 2014 portends a major breakthrough for us in our public reforms agenda. The State has started accessing credit from the World Bank assisted Public Sector Governance Reforms and Development Programme for carrying out a series of reforms which will deepen and institutionalize best practices in funds management and public governance in general. This will no doubt involve the passage of several laws on public financial management. To this end, a sum of N1.080 billion is expected as draw down for the project in 2014.

22. Another unique feature of the 2014 estimates is the adoption of the International Public Sector Accounting Standard (IPSAS) in the State. Therefore, the details of this budget proposal are not just presented as Heads and Sub-Heads but new levels of disclosures have been incorporated to include classifications according to function, programme, policy, objectives, source of fund and geographical spread. This is to ensure transparency, accountability and above all facilitate ease of monitoring especially when Honourable members are on oversight duties. In a short while, the details will be presented to members through Mr. Speaker.

CONCLUSION

23. Distinguished Honourable members, I wish to acknowledge with appreciation, once more, your various contributions to the progress and development so far enjoyed in this State. Your

disposition to governance has ensured the stability of the Labour Party-led Administration in the State and the attendant developmental initiatives which have blossomed in the atmosphere of peace and tranquility. Therefore, I wish to enjoin us all, to maintain the peaceful atmosphere so that together, we can bequeath the legacy of good governance to those coming behind. We must always remember, that as leaders, posterity will remember us for the positive roles we play in lifting our society from the doldrums of under-development to the heights of societal emancipation.

24. Finally, let me use this medium to also appreciate our people, the good people of Ondo State, who have demonstrated uncommon love and support for this administration through the thick and thin of life. On our part, I reaffirm our deep commitment to the good of the people of the State. This we will do always by working for the sustenance of the ideals of

democratic governance in consonance with our mantra to work for the people.

25. It is, therefore, my honour and privilege to present the details of the 2014 fiscal estimates to Mr. Speaker.

26. I thank you all, God bless Ondo State, God bless Nigeria.