

**2015 BUDGET SPEECH DELIVERED BY THE GOVERNOR
OF ONDO STATE, DR. OLUSEGUN MIMIKO, TO THE
ONDO STATE HOUSE OF ASSEMBLY ON TUESDAY, 20TH
JANUARY, 2015.**

The Right Honourable Speaker,
The Right Honourable Deputy Speaker,
Honourable Members of the Ondo State Sunshine Assembly of Hope,
Our Royal Fathers,
Distinguished Ladies and Gentlemen.

It gives me joy to, once again, appear before this honourable House to present the State's 2015 Budget Estimates for legislative consideration and passage. Today's budget presentation marks my sixth interface with the Honourable Members of this House on Budget Matters.

2. May I seize this opportunity to most heartily appreciate you, Mr. Speaker and all the distinguished Honourable Members of this hallowed chamber, for the unwavering support, which you have continued to oblige this Administration. The good work relationship and understanding that have existed between the executive and legislative arms of

government have not only facilitated the development of our dear state, but have made us a model in as far as representative democracy in Nigeria is concerned. Collectively, we have been able to demystify the fear of the unknown through sheer resilience and commitment to offering hope to our people. It is indeed remarkable that we remained undeterred in the face of the current frosty fiscal environment.

3. Mr. Speaker, permit me to bring to the fore, the daunting fiscal challenges we faced in 2014. We worked relentlessly, in the face of dwindling revenue in-flow to the state to keep our heads up as a government and to fulfil our promises to the good people of Ondo State. We were able to sustain our programmes in spite of severe odds. I wish, therefore, to solicit your continued collaboration in developing our dear state and bringing the dividends of democracy to the teeming populace of Ondo State.

4. Distinguished Honourable Members, it is my pleasure to inform you that the "KaadiIgbe-ayo" project has been deployed

last year. The distribution of the cards to residents of the State has since commenced and will soon be rolled out for use throughout the State. The idea of the project is to provide better means of identification for our people while also placing holders in vantage position to benefit from some of our social services.

5. Similarly, Mr. Speaker, it gladdens my heart to inform you that the National Postgraduate Medical College has accredited the State Trauma Centre for Postgraduate Studies in Orthopaedic and General Surgery. This development is not unconnected with our commitment to make the project a world class institution, through the emplacement of modern facilities. More importantly, the Kidney Care Centre, within the Medical Village is adjudged as one of the best in the Country, with Ten (10) Dialysis Machines working simultaneously. It will interest Honourable Members to note that over 1,174 sessions of dialysis have been carried out between March, 2014 and January, 2015.

6. At the inception of this administration, we initiated a wealth creation programme that uses agriculture to address the twin problems of unemployment and poverty which are bedevilling our society. To this end, four Agro-Business Centres were established at Ore, Epe, Isuada and Auga to train agro-prenuers and start a chain of wealth generators in the state.

7. Distinguished Honourable Members, I am pleased to inform you that over 1,000 youths have been trained as change agents in agro business ventures in these centres. In year 2014, 280 young graduates were engaged in the agro-centres in collaboration with the Federal Government's SURE-P Graduate Internship Scheme. As a result of the giant strides made in the agro-cities, the International Institute for Tropical Agriculture (IITA) and other International organisations are already partnering with the state to provide technical support in transforming the Ore agro-business city into an International Agricultural Centre. In the same vein, the Malaysian

Agriculture Research and Development Institute is collaborating with the state to commence the cultivation of 500 hectares of rice in January, 2015 at Owena Dam area of Igbara-Oke.

8. Mr. Speaker, the global recognition of our urban renewal initiatives has further attracted the United Nations Human Settlement Programme – UN HABITAT, to the state. Under the scheme, detailed information on the demographic, economic, cultural, physical and environmental dynamics of our cities will be made available to planners and decision makers to enable them emplace structured and programmed city development initiatives. We have, therefore, institutionalised the programme with the establishment of the Ondo State Urban Observatory Unit for the purpose of analysing, monitoring and reporting of urban indicators in the State.

9. Perhaps, I should also inform you, Distinguished Members, that many other projects are nearing completion: the iconic International Event Centre (Dome) is in the final stage of completion and would be commissioned this fiscal year.

Similarly, the on-going power project at Omotosho would be delivered in this fiscal year. Upon completion, the power plant will improve power supply and invariably be a major platform for industrialisation in the State.

10. Mr. Speaker, you will recall that I made a commitment at this great Assembly during the presentation of the 2014 Budget, where I categorically stated that the Free Shuttle Bus service inaugurated by this Administration in 2012 would be extended to other towns in the state. I am pleased to inform you that our pupils and school children in Idanre, Araromi-Obu, Ikare, Oke-agbe-Akoko, Irele among others are now benefitting from this State Government's palliative scheme aimed at cushioning the effect of the economic stress and to alleviate the burden of our parents. In like manner, the Mega School initiative of this Administration, which had been a reference project in Nigeria, has been remodelled to accommodate pupils from rural communities and settlements. A model of this rural Mega Primary School has been completed at Shagari village in

Akure. Also, another set of 22 conventional Mega Primary Schools will start operation this fiscal year.

In year 2014, the Idanre Hills Resort was commissioned with the ultimate purpose of transforming Ondo State to a foremost tourist destination.

REVIEW OF 2014 BUDGET ESTIMATES

11. Mr. Speaker, a total budget of ₦168 Billion, christened "A Caring Heart Budget" V was operated in the outgone year. However, because of the decline in oil revenue, the country's major revenue earner, there was considerable drop in the quantum of transfers from the Federation account which caused severe disruptions to the 2014 fiscal projections and the financial capabilities of the State. As at Nov. 2014, the total revenue receipts, which accrued to the state from all sources, stood at ₦80.324 Billion or 47.81 % of expected revenue.

12. As a government, we have realised that without proper and aggressive reforms geared towards improving the revenue of the state, many of our programmes and projects would

remain mere ambitious dreams. It is our belief that recent efforts aimed at blocking revenue leakages will add fillip to our revenue expectations from all Ministries, Departments and Agencies.

2015 BUDGET: A GENERAL OVERVIEW

13. In order for government to achieve and deliver on its promises, the following policy guidelines and strategies have been adopted:

- (i) Setting the 2015 Expenditure at sustainable level;
- (ii) Ensuring that 2/3rd of the total Capital Investment Fund is directed to economic growth drivers;
- (iii) Building greater transparency, accountability and comprehensiveness into the Budget process;
- (iv) Using budget to further the goals of job creation, poverty reduction and wealth creation as articulated in the strategic objectives of the state; and
- (v) Vigorous maintenance strategy for public facilities.

14. Rt. Hon. Speaker, distinguished Honourable members, the 2015 budget of our State has been carefully and meticulously prepared to reflect current economic realities in the country. As you are aware, the dwindling crude oil price in the international market is already taking its toll on the Nigerian economy; and Ondo State, like other States in the Country, is not spared. However, prudence, accountability and efficient management of public fund which have been our major driving forces will no doubt, ease the state of this economic pressure.

THE REVENUE PROJECTION FOR 2015 FISCAL YEAR

15. Honourable Members, it is a known fact that receipts from the Federation account constitute the bulk of revenue in-flow to the State. However, trends of revenue in-flow in the last couple of years are disturbing and also serve as a challenge for us to re-intensify efforts on Independent Revenue which is within our control. Therefore, a modest revenue receipt was projected for 2015 fiscal year to facilitate implementation of the budget. This position was arrived at after a careful study and

analysis of key economic indicators and other relevant data obtained from the Fiscal Strategy Paper from Federal Government and the State Treasury Office. These include:

(i)	Crude Oil Benchmark Price per barrel	-	\$65
(ii)	Average production (million barrel per day)	-	2.2783
(iii)	Inflation Rate	-11.91%	
(iv)	Exchange Rate (US Dollar)	-	₦184

16. Mr. Speaker, Honourable members, on the strength of the aforementioned economic indicators and analysis of the prevailing macro-economic indices, a total of ₦130 Billion is projected as revenue in the 2015 fiscal year as follows:

ITEM		Estimate	
		(₦`B)	
(i)	Statutory Allocation	-	38.000
(ii)	Independent Revenue	-	15.000
(iii)	Value Added Tax	-	10.000
(iv)	Mineral Derivation Fund	-	20.000

(v)	Roll Over Fund	-	5.000
(vi)	SURE – P	-	4.000
(vii)	Bond	-	23.000
(viii)	Grants and Credits from Development Partners	-	6.000
(ix)	Loans/Leases	-	4.000
(x)	Refund from FGN	-	1.000
(xi)	Education Trust Fund	-	3.000
(xii)	Sundry Income/Divestment	-	<u>1.000</u>
	Total	=	<u>130.000</u>

17. Honourable Members, the projections indicate a sharp reduction of 23% over last year's budget of ₦168.000billion. The decline in revenue, though awful in the face of expanding expenditure and the need to sustain the pace of development, is not unconnected with the prevailing economic realities in the country and the global economic downturn. For instance, the crude oil benchmark price for 2015 has been reviewed downward over and over again in the last couple of months from \$78 to \$73 and now \$65 per barrel. This has further

gone down in recent days. However, we will intensify efforts at ensuring that we achieve the revenue target for 2015 especially in the area of Independent Revenue which is within our control.

18. Mr. Speaker, you will recall that a sum of ~~₦~~50.000billion bond was approved by this House in 2011 to implement core capital projects out of which ~~₦~~27.000 billion was accessed in 2012 as 1st tranche. Even though the balance of ~~₦~~23 billion was approved in the last fiscal year we did not approach the capital market to access the fund. However, in the face of the present precarious economic situation, and the need to complete some strategic growth driver projects like the Independent Power Project (IPP), International Event Centre, Road projects, etc; the 2nd tranche and balance of the fund, which is ~~₦~~23 Billion, will be accessed this fiscal year. In like manner, Loans/Leases have been proposed at ~~₦~~4.000 billion. The two credit lines will be devoted mainly for the completion of the on-going developmental projects.

EXPENDITURE ESTIMATE

19. Mr. Speaker, Honourable Members, the current economic realities is an indication that we must consciously and pragmatically re-arrange our fiscal priorities to target the growth drivers of the economy. As the saying goes, "When the going gets tough, the tough gets going". Hence, we have structured our expenditure priorities in the most practical terms to generate the highest mileage from every Naira spent. However, the nature of our recurrent commitments stipulates that we cannot reduce recurrent expenditure beyond certain level because of personnel related costs. Hence, a recurrent: capital mix of 59%: 41% is adopted for the 2015 fiscal year.

RECURRENT EXPENDITURE ESTIMATES

20. Mr. Speaker, a total of ₦77.000 billion has been budgeted for recurrent expenditure this fiscal year. This is an increase of 7% over 2014 recurrent expenditure budget. The slight increase was necessitated by the need to provide for promotions and the incremental credit of civil servants as well

as the proposed establishment of the University of Medical Sciences, Ondo that will take-off this fiscal year. Also, our infrastructural facilities are increasing on daily basis; hence the need to provide substantial amount for their maintenance to prolong their life span. In sum, the recurrent expenditure items and amount proposed are as follows:

ITEM		ESTIMATES	
		(N` B)	
(i)	Personnel Cost	-	39.500
(ii)	Overhead Cost	-	5.000
(iii)	Grants to Parastatals and Tertiary Institutions	-	8.070
(iv)	Special Programmes		13.000
(v)	Consolidated Revenue Fund Charges	-	11.230
(vi)	Grants/Loans	-	<u>0.200</u>
	Total	=	<u>77.000</u>

CAPITAL EXPENDITURE ESTIMATES

21. My good people of Ondo State, as a way of consistently propelling growth and development in the State, a total of ₦53.000 billion has been earmarked for capital execution this fiscal year. As I stated earlier in the course of this presentation, our key focus in 2015 shall be to complete on-going projects. Consequently, provision has been made for the completion of the Fiwasaye/Oba-Ile/Airport Road, Ikare-Ajowa Road, Itanla-Ademulegun Round-about Road in Ondo and other road projects spread across the State. We shall take full advantage of this dry season to expedite construction works on the sites.

22. Honourable Members, a society is as developed as the capacity of its human resource. That is why we have prioritised knowledge and education in the last six years. Consequently, the newly approved Ondo State University of Medical Sciences, Ondo, which will be a 21st Century University and a global reference point, shall take-off this fiscal year.

Similarly, Mr. Speaker, you will recall that Mr President, Dr. Goodluck Ebele Jonathan, recently approved the establishment of a Federal Polytechnic at Ile-Oluji in Ondo State, as a demonstration of his commitment to total education in the polity. I wish to, once more, use this auspicious occasion to express the gratitude of the State to Mr. President for this kind gesture and as our commitment to the early take off of this citadel of learning, a sum of Two Hundred and Fifty Million Naira has been provided as part of the state government contribution to the project.

23. Mr. Speaker, at a time like this, when federal transfers are dwindling on a daily basis, the need for us to pay diligent attention to our internal sources of revenue cannot be overemphasised. This is part of what our land capitalisation programme will address. The programme, which has already been piloted in some local government areas, will be expanded to more local governments in the current year and when completed, will substantially improve our Independent Revenue

generation through the digitalisation of the processing of certificate of occupancy. To this end, a sum of Six Hundred and Seventy Million Naira has been proposed to complete the process of land digitalisation in the state.

24. Distinguished honourable members, it is rather unfortunate that we have not been able to conduct local government elections in the state in the past years and this is not unconnected with the legal encumbrances placed on our path. It is, however, gladdening to note Mr. Speaker, that as a result of the recent political re-alignments in the state, all the legal impediments are being amicably resolved; the horizon has become clear that, local government election will be a joyous reality this year. Hence, a sum of Eight Hundred Million Naira has been provided for the conduct of local government election this year.

25. Mr. Speaker, in summary and in line with international best practices, government functions have been classified on sectoral basis for better understanding. Therefore, the

breakdown of capital expenditure on sectoral basis is as follows:

S/N	SECTOR	AMOUNT (₦'B)	%
i.	Economic	16.007	30.20
ii.	Social Service	9.158	17.28
iii.	Environment and Regional Development	11.039	20.83
iv.	Law and Justice	0.350	0.66
v.	Administration	2.690	5.08
vi.	Debt Servicing	13.755	25.95

26. The economic and social sectors have the highest sectoral allocation in the 2015 budget proposal. This is understandable as the sectors are expected to stimulate the entire economy of the state, create jobs for our unemployed youths, as well as ensure that we provide care to the less privileged of our society in our social inclusion programmes.

27. Mr. Speaker, listed below are allocations to some of the key strategic projects which we aim to deliver during this fiscal year.

ALLOCATION TO KEY CAPITAL PROJECTS

		(₦'B)
(i)	Road Construction/Maintenance	- 8.325
(ii)	Education	- 1.000
(iii)	Cocoa Revolution	- 0.450
(iv)	Completion of Modern Abattoir	- 0.294
(v)	Caring Heart Mega Schools	- 1.235
(vi)	Fire Trucks	- 0.180
(vii)	University of Medical Sciences	- 1.000
(viii)	Federal Polytechnic, Ile-Oluji	- 0.250
(ix)	Completion of International Event Centre	- 1.000
(x)	Constituency Projects	- 0.400
(xi)	Trauma Centre	- 1.000
(xii)	Free Health Drugs	- 0.200
(xiii)	Renovation& Upgrading of Secondary Health Facilities	- 0.200
(xiv)	Emergency Medical Services	- 0.300
(xv)	Completion of Omotosho Independent Power Plant/Investible fund	- 2.400
(xvi)	Water Corporation	- 0.500

(xvii)	Completion of Treasury House	-	0.274
(xviii)	OSAC	-	0.800
(xix)	Airport Improvement	-	1.000
(xx)	Land Record Bureau	-	0.670
(xxi)	Tourism Revolution	-	0.200
(xxii)	Debt Servicing	-	13.755
(xxiii)	OSOPADEC		-7.680

PUBLIC SECTOR

28. Mr. Speaker, in furtherance of our objective to enhance public sector efficiency and improve service delivery, the State Government under the World Bank Assisted project, engaged the service of a Consulting Firm to reform our public financial management system. The reform, will among other things, improve the strategic focus of expenditure on economic growth drivers and service delivery; and enhance efficient utilization of resources by government institutions. The project will be completed in the next fiscal year and will reflect in the pattern

and structure of the State's 2016 budget. Some components of the reform include;

- (i) Reformation of the State's Budget preparation process;
- (ii) Strengthening the internal audit and control functions in Government;
- (iii) Implementation of the State Integrated Financial Management Information System (SIFMIS), expected to improve financial management and reporting, and asset management; and
- (iv) Strengthening human resource management system for effective planning and coordination.

29. Mr. Speaker, implementing this reform will largely hinge on the review of the State's Public Administration Law and the Financial Regulations, for which we shall be soliciting the assistance of this Honourable House in due course.

CONCLUSION

30. Mr. Speaker, Honorable Members, Ladies and Gentlemen, for us to achieve the desired results in our 2015 budget, we must all resolve to pursue the realization of collective security, unity and development of our State. Let me sincerely express my appreciation and profound gratitude to the members of this House for the cordial relationship that exists between the various arms of government in the State. You have indeed cooperated with us over the years and displayed a high level of maturity and professionalism towards government business. I sincerely wish, as many of our Honourable Members vying for elective positions in the next general election, the best of luck and resounding victory.

31. I also thank the entire Security Agencies for the maintenance of the relative peace in the State; just as I equally appreciate the efforts of our traditional and religious leaders whose untiring efforts have ensured that our people continue to live together and harmoniously. This should be sustained

even as we approach the next general elections. While we solicit the support of all peace loving people of Ondo State, I will continue to remind all of us, that our children in the future will not fail to remember us for braving all odds to lay a solid foundation for the development of this State, upon which they are sure to compete favourably with other Nigerians and even in the global space. Therefore, let us re-double our effort to enhance the destiny of our people and bequeath to the incoming generations a more prosperous, united and peaceful State.

32. Mr. Speaker, distinguished Honourable Members, please accept the assurances of my esteem and compliments of the season to you and the entire people of Ondo State.

33. Thank you and God bless you all.