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**2016 BUDGET SPEECH DELIVERED BY THE GOVERNOR  
OF ONDO STATE, DR OLUSEGUN MIMIKO, TO THE  
ONDO STATE HOUSE OF ASSEMBLY**

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The Right Honourable Speaker,

The Right Honourable Deputy Speaker,

Honourable Members of the Ondo State Sunshine Assembly of

Hope,

Our Royal Fathers,

Gentlemen of the Press,

Ladies and Gentlemen,

Seven years ago, at my inauguration as Governor of Ondo State, I entered into a social contract with the people that "I will work for you". We promised that Ondo State would become a "cynosure of all eyes; of which all its citizens shall be proud..."

In retrospect, I am pleased to observe that not only have these historic commitments been substantially fulfilled, but with the robust synergy with all stakeholders in the Ondo State Project, we have significantly raised the bar of impactful governance.

It is therefore with a deep sense of gratitude to the Almighty God for His mercies in the past years; and with an audacious sense of hope for a brighter and blissful future for our

dear Sunshine State; do I stand before you today to present the 2016 Budget Estimates which will be the seventh in the series of our Budget of 'A CARING HEART'.

Let me first of all use this occasion to, once again, thank you all for your steadfastness, dedication and conscientious service to the good people of Ondo State. I also congratulate you on your election or re-election, as the case may be, as well as the opportunity this has afforded you to represent your constituents who have reposed so much trust and confidence in you.

Mr. Speaker, esteemed Honourable members, our health system, today, has won global acclamation and has become a medical tourism destination of sorts. We have, indeed and in truth, become the cynosure of all eyes due to our various innovative home-grown initiatives like Abiye Safe Motherhood, Agbebiye, Orirewa, Trauma Centre, Kidney Care Centre, Mother and Child hospital and other world-class facilities. Mr. Speaker, we are not only building modern facilities and emplacing sound

health systems, we are ensuring affordability and moving steadily in the direction of Universal Health Coverage (UHC).

Akure, our capital city, as well as our major urban centers, have experienced unprecedented renewals and are now cities that residents can be proud of. The dualization of Arakale Road; upgrade of the Oba-Adesida Road garnished with road furniture; street lights; the fountain roundabout, dew-spewing roundabout and the beautification initiatives are some projects that have given Akure a cosmopolitan look. We built a modern Democracy Park in the heart of the city; constructed Auto Mart, Modern Motor Park, Mechanic Village, Neighbourhood Markets, and mega schools. These have made Akure to become an enviable state capital in Nigeria. The ultra-modern International Event Centre, The Dome, which played host to the National Conference of the Nigerian Society of Engineers and the Best of Nollywood Awards programme has ensured the place of Akure as an international convention destination of choice. The jinx on Akure semi-mechanised Abattoir, a project started by the

administration of late Pa Adekunle Ajasin, which transcends many administrations, has been broken. The project has been redesigned and finally completed. The Abattoir, is hygienically equipped with modern facilities, and is capable of processing over 2000 Cows per day. Besides, the Akure Mall, which was constructed under our Public Private Partnership initiative has earned Akure its deserved place as a 21<sup>st</sup> century capital city, all within the space of seven years of our collective efforts.

Honourable members, we have, by the grace of God, improved the standard of education, by addressing the menace of low standard, poor performance in external examinations and low teachers' morale. We approached the task in a holistic manner, renovated dilapidated school buildings; built 51 Mega Schools, established the Quality Education Assurance Agency to promote high educational standards; provided shuttle buses to convey over 54,000 pupils of both public and private schools daily; and on an annual basis pay an average of ₦350 Million as external examination fees. At the tertiary level, the Adekunle

Ajasin University was rated the best State University in Nigeria, and at present has one of the most elegant and modern senate building; the Ondo State University of Science and Technology continues to provide high technical education and is widely celebrated for its entrepreneurial programmes. And in a trail-blazing achievement, we have established at Ondo, the University of Medical Sciences, a world-class training citadel for Medical Doctors and other Health care system professionals –the University of Medical Sciences, the first of its kind in Nigeria.

One of the high points of our 'A Caring Heart' Agenda is "No to Poverty". We set out to create wealth for our youths through the Agro-Business Cities, the Pro-farmers/Agropreneurs Sustainable Scheme (PASS) and the Employment through ownership Participation in Agricultural Ventures, E-PAVE. Over 2,000 youths have been recruited and groomed into agricultural entrepreneurs and are now operating their own agro businesses. Their contribution to the state economy has been part of our economic diversification strategy, which has also included cocoa

revolution, oil palm revolution and provision of agricultural inputs.

In the same vein, between 2009 till date, 3,513 recruitments have been made into the public service to strengthen Governance and service delivery to the people.

We have in the last seven years provided lasting socio-economic infrastructure in our communities. Among these are the 1,300 kilometres of road that were either constructed or paved by this administration. Our land capitalisation programme has simplified the process of acquisition of land titles with the potential of turning landed property into investible funds and also generating substantial revenue for government. In this instance, the acquisition of a Certificate of Occupancy (C.of.O) and other legal documents can be achieved within 30 days. In addition, there were road dualisation projects in Ondo, Owo and Igbokoda besides other township roads, water projects, Independent Power Project, which is nearing completion; and community infrastructures such as neighbourhood markets, civic

centres, rural industries and 606 confidence – building projects in 350 communities.

Mr. Speaker, we have touched on only a few areas where this administration has made impact as a way of conveying to you, the representatives of the people, that we have kept faith with the people of Ondo State and have indeed kept our promises that “I WILL WORK FOR YOU”.

### **Review of 2015 Budget**

Honourable members, 2015 was a very challenging year but we thank God that we successfully navigated through it. The year started on a positive note and with high promises. We had a budget size of ₦131 billion made up of ₦76.7 billion for recurrent expenditure and ₦54.3 billion for capital expenditure. Half way into the year, however, the national economy ran into turbulence occasioned by a steady drop in the price of crude oil, which is the mainstay of our national economy. This, in turn, disrupted national revenue inflow with its attendant cascading effect on our state economy. Accordingly, our revenue earnings

plummeted, closing at ₦65.090 billion as against the budgeted sum of ₦131 billion. This unexpected turn of event, unfortunately, truncated or slowed down the implementation of several capital projects which were contained in the 2015 Budget. Notwithstanding, we made steady progress on Akure Oba-Ile-Airport Road, Ondo Township Road, Ikare-Ajowa Road, Igbokoda Township Road, several Mega Schools project, Trauma Centre, Kidney Care Centre and The Dome, and the municipal water project in Ilaje Local Government, among others.

### **2016 Economic Outlook**

The global economy has slowed down in its growth but will likely experience single digit expansion this year. Commodity prices are down, especially crude oil price, which is projected to slump further due to the glut in the world market. The national economy experienced major shocks last year and is gradually adjusting to the challenges of a monolithic source of revenue. However, there is cause to be optimistic that things might pick up gradually in the course of the year.

Ondo State economy still relies mainly on receipts from the Federation Account and in the last two years, inflow of resources from the Federation account has been on the downward trend, thus necessitating the need to look inward and reinvigorate our internal revenue drive. In 2016, we are optimistic that our investment of previous years in various sectors of the state economy like Agriculture will start to yield desired results which are capable of improving our current level of independent revenue. However, we must not lose sight of the impending economic challenges that pervade the country. All these dynamics were taken into account in crafting the 2016 budget estimates.

### **Objective and Policy Thrust of the 2016 Estimates**

In view of the current economic realities plus the fact that we are at the twilight of this administration, emphasis shall be

placed on completing several of the on-going projects. In this wise, our objectives for the 2016 Budget are:

- i. Completion of on-going developmental projects and programmes by making the most effective use of available resources;
- ii. emplacement of sustainability structure for the project/programmes already completed;
- iii. sustaining the regime of peace being enjoyed in the state through provision of requisite support to security agencies for crime control and prevention; and
- iv. encouragement of agricultural production as both food security initiative and a strategy for the expansion of the state's productive capability and wealth creation.

Some of the strategies we shall adopt in order to attain our stated objectives are:

- i. aggressive Independent Revenue drive by all MDAs;
- ii. blockage of revenue loopholes and allocation of funds to economic viable projects/programmes;

- iii. maintenance of public infrastructural facilities; and
- iv. ensuring that total capital investment fund is allocated to government priority areas;

Mr. Speaker, we have in the last two years upped our game in the generation of independent revenue. We are pleased at the steady rise in our collections in this regard. Nevertheless, Federal transfers will continue to account for the bulk of our revenue sources. In this wise, our revenue projections have been premised on the macro economic assumptions contained in the 2016-2018 fiscal strategy paper of the Federal Government of Nigeria. These assumptions are:

- i. Crude Oil benchmark price per barrel - \$38
- ii. Average Production (million barrel/day) - 2.200
- iii. Inflation rate - 8.10%
- iv. Exchange Rate (US Dollar) - ₦197

Distinguished Members, given the preceding fiscal indicators, the fiscal trend in 2015 mentioned earlier and other

connected indices, a total sum of ₦118.990 billion has been modelled as revenue for 2016 from the following sources:

<b>S/N</b>	<b>ITEM</b>	<b>ESTIMATE (₦'B)</b>
i.	Statutory Allocation	27.000
ii.	Independent Revenue	12.668
iii.	Value Added Tax (VAT)	8.600
iv.	Secured Facility	14.967
v.	Mineral Derivation Fund	14.000
vi.	Grants/Credit from Dev. Partners	4.000
vii.	Refund from FGN	2.500
viii.	Loans/Leases	35.225
	<b>Total</b>	<b>118.990</b>

Mr. Speaker Sir, let me reiterate at this juncture, the need to reduce economically insignificant activities and wastages to barest minimum and focus keenly on revenue generating activities. To this end, I wish to appeal to all our people, to please cultivate the habit of performing their civic responsibilities without coercion. 'Manna' will no longer fall from heaven. We must pay our taxes and fulfil our responsibilities in reciprocity to

all that government has been doing, to ensure better funding of this budget.

### **Recurrent Expenditure Estimates**

Due to the decline in our revenue proposal, it is reasonable to expect a commensurate drop in our expenditure outlay for 2016. The table below depicts our proposed recurrent estimates:

#### **Proposed Recurrent Estimates**

			<b>2015</b>	<b>2016</b>
			<b>₦'B</b>	<b>₦'B</b>
i.	Personnel Cost	-	37.705	37.000
ii.	Overhead Cost	-	3.916	3.800
iii.	Grants to Parastatals/ Tertiary Institutions	-	8.071	6.920
iv.	Special Programmes	-	14.388	11.551
v.	Consolidated Revenue Fund Charges	-	12.423	8.529
vi.	Grants & Loans	-	<u>0.200</u>	<u>0.200</u>
	<b>Sub-Total</b>	<b>=</b>	<b><u>76.703</u></b>	<b><u>68.000</u></b>

### **Capital Expenditure**

The sum of ₦50.990 billion is proposed to be expended on capital projects this fiscal year. As mentioned earlier, emphasis

is on completing on-going projects that have reached advanced stage of implementation. New projects will, in the meantime, not be embarked upon.

The sectoral breakdown of the capital expenditure is as follows:

<b>SECTOR</b>	<b>AMOUNT (N'B)</b>	<b>%</b>
i. Economic	9.133	17.87
ii. Social	13.312	26.11
iii. Environmental & Regional Development	11.061	21.69
iv. Law & Justice	0.298	0.58
v. Administration	1.355	2.66
vi. Debt Repayment/ Servicing	15.850	31.08

### **Good Governance**

Mr. Speaker, permit me to reiterate our commitment to the various

Reforms introduced a couple of years ago by this administration in partnership with the World Bank towards improving the public service. This intervention is both in terms of capacity

building and re-engineering of the business processes of government. Some of the reforms focus on key sectors and subsectors of our public service which include tax system administration, financial laws, budgeting, Accounting (system integration), and human resources development. We will continue to fulfill our part of the obligation to avoid any distortion to the entire process. Our perpetual guiding principle on accountability and transparency will continue to take a leading role in implementing the 2016 budget.

### **Self-Reliance Initiatives**

Distinguished Honourable Members, the pervading fiscal climate in the nation is, no doubt, a wake-up call for the State and every household to diversify their income sources. At the State level, emphasis is being placed on stimulating the real sector to perform better than before. Government wishes to encourage every household to, at least, undertake subsistence agriculture through back-yard farming including animal husbandry. As an impetus to willing households, government

shall provide sensitization workshops, sundry motivations and support as incentives. It is envisaged that the combined effort of everyone will aggregate to ease off pressure and dependence on state fund for livelihood.

### **Conclusion**

At this critical time in the history of our nation, the onus is on all and sundry, especially those in leadership positions to lead by example towards repositioning our economy. We must be hopeful on the various initiatives being put in place by government in order to have significant improvements in our lives. Indeed, now is the appropriate time for the Federal Government to invest massively in other viable sectors of the economy, especially, solid minerals, which is an exclusive preserve of the Federal Government. We shall work closely with the Federal Government with a view to ensuring diversification of our economy especially in Agriculture and Solid minerals.

My good people of Ondo State, it has been seven years of wonderful and memorable partnership experience with you towards building the Ondo State of our dream. I have striven earnestly to live by my promise to work for you at all times. Your endorsement and support for this administration are borne out of your appreciation of this government's achievement in all sectors. Today, Ondo State is a global benchmark in a couple of initiatives based on the diligent and sincere implementation of our programmes which have attracted the commendations of statesmen throughout the nation and even across political divides. These are considered as public acknowledgement of our modest achievements.

The standard has been widely enhanced and different structures have been put in place to ensure that good governance is delivered to the good people of Ondo State. As we approach the next gubernatorial election in Ondo State, it is our collective responsibility to sustain the existing economic

structures that have enhanced our lives; and sustain the peace that we have all worked together to emplace in Ondo State.

Ladies and gentlemen, permit me to acknowledge the robust work relationship this administration had benefited from the other arms of government—the Legislature and Judiciary, and also between government and well-meaning individuals and organizations in the State since its inception. No doubt, your collaborative efforts have provided us with the necessary impetus to drive the machinery of government to an enviable height.

I also appreciate the support of our traditional rulers, religious leaders, public servants, civil society organisations and all security agencies in the state for the prevalent relative peace being enjoyed in the State. To the good people of Ondo State, we salute your courage and will not betray the trust you have in us. At this juncture, we must continue to work together as partners in progress to bring to full realization the Ondo state of our dream. While government under my leadership is prepared

to do all within its power to move the state to the next level, I enjoin all well-meaning citizens to join me in this challenging task of moving the state forward.

It is on this note that I present the details of the 2016 budget proposal to Mr. Speaker and I wish you all a prosperous 2016.

Thank you and God bless you all.