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1974/75 FEDERAL BUDGET

1974-75
National Budget Broadcast

*Budget Broadcast—1974-75 by His Excellency General Yakubu Gowon,
Head of the Federal Military Government,
Commander-in-Chief of the Armed Forces
on 1st April, 1974*



His Excellency GENERAL YAKUBU GOWON
Head of the Federal Military Government, Commander-in-Chief
of the Armed Forces of Nigeria

**1974-75 BUDGET SPEECH BY
HIS EXCELLENCY GENERAL YAKUBU GOWON,
HEAD OF THE FEDERAL MILITARY GOVERNMENT,
COMMANDER-IN-CHIEF OF THE ARMED FORCES OF
THE FEDERAL REPUBLIC OF NIGERIA,
SUNDAY, 31ST MARCH, 1974**

Fellow Citizens,

The Supreme Military Council and the Federal Executive Council have been considering, over the past week the Federal Government Budget for 1974-75 Financial Year and other related subjects. As in the past, this Budget Session provided us with a welcome opportunity to carry out an objective and dispassionate appraisal of the performance of the economy over the past financial year, and to set fresh policy guidelines for the new Financial Year.

Gross Domestic Product

During the Financial Year just ended, the overall performance of the economy has remained satisfactory. The estimated growth rate of the Gross Domestic Product is about 7% ; and even though this is a little lower than the 9.6% recorded for the preceding year, it is nevertheless quite high when compared either with our own performance before 1970 or with the rest of the developing world. The petroleum sector has continued to be the most important engine of growth, accounting for 83% of the total value of exports in 1973, which stood at ₦2,226.6 million. However, the traditional export commodities have shown a significant recovery, generating foreign exchange earnings of ₦313.0 million in 1973 as against ₦218.5 million in 1972.

With regard to imports, the standing policy of the Federal Military Government is to continue to enhance resilience and self-sufficiency by encouraging import-substitution. Thus in effect, although absolute import figures rose from ₦900 million in 1972 to ₦1,234 million in 1973, well over 60% of our imports was devoted to the development of the economy in the form of machinery, transport equipment and industrial raw materials.

Anti-Inflationary Drive

The problem of inflation which featured in my last Budget Speech has remained with us despite determined efforts by the Government to stem its rising tide. This state of affairs is due partly to the prevailing and advancing inflationary pressures in the economies of our foreign trading partners, the international monetary crisis over which we have no direct control and partly to the fact that local production has lagged behind demand especially in sensitive areas like food and housing.

The long term solution to the problem of inflation is to increase local production of food, housing and essential consumer goods, while the short term solution is to be found in large-scale importation of the commodities which are in short supply. It is with this in mind that it has now been decided that the fiscal measures contributing to domestic inflation should be eliminated so as to leave the country to face only problems of imported inflation and of internal structural disharmonies in growth resulting in shortages of local supply. To this end, two areas of internal fiscal policies have been examined. These are the heavy duties levied on local industries for revenue purposes which constitute a significant element in the cost of products of local industries and the level of import duties on goods not made in Nigeria.

It is proposed to use the increased revenue earnings from petroleum to substitute for traditional revenues from duties on local industries. In addition, to contain imported inflation within limits, the Import duties on the goods affected are being reduced. Therefore, import duties on the raw materials for local industries are being reduced generally to about 10 per cent *ad valorem* and all excise duties similarly reduced to about five per cent, thus making a maximum of about 15 per cent tax on the product of the local industries.

To reduce the cost of building construction, import duties have been reduced to a maximum of 10 per cent in respect of items not locally produced, while excise duties on cement and some other items produced locally have been abolished.

As the draught situation in parts of the country has created a situation where food in larger quantities than ever before may have to be imported, if only temporarily, import duties have been reduced on essential food items such as rice and maize without endangering the healthy development of local agriculture.

To ensure that vehicles land in Nigeria at prices not higher than those ruling currently in local markets, the rates of duties on cars and passenger vehicles have been reduced. Further import duties on essential consumer goods not available locally have also been reduced as part of the anti-inflationary drive. It is estimated that Government revenue loss as a result of these measures will be of the order of ₦140 million.

The list of goods whose importation is banned or subject to licences has been revised. Many commodities whose importation into the country was restricted can now be imported without endangering local industries. The Federal Government has also decided to abolish the reconstruction surcharge imposed on imports and locally produced excisable goods during our civil war. It is hoped that the benefit of all the above measures will be passed on to consumers.

Foreign Exchange Measures

The main foreign exchange measures include the abolition of the 90-day rule in respect of the payment for imports. The restrictions on payment for capital goods will be replaced by more flexible and liberal credit terms. The annual basic travel allowance has been increased from ₦200 to ₦400 per adult for private journeys and holidays. Where a regional validity passport is involved, the relevant annual travel allowance will be ₦200 per adult in place of the present ₦100. Business travel allowance is also being increased from ₦40 to ₦50 per day. The travel allowance for the annual Pilgrimage to Mecca and other organised religious journeys have been increased from ₦300 to ₦500 a year. Henceforth it will be a criminal offence for anybody to draw both the ₦400 for private journeys and the ₦500 for religious journeys in any given year.

The other foreign exchange relaxation measures are that profits and dividends will be considered for remittance as they are declared subject to payment of the appropriate taxes. The arrears from 1972 will be cleared in the new Financial Year on application. Where technical fees and royalties can be shown to be related to the import of modern technology they will be allowed on certain conditions.

Taxation Reform

In the field of taxation reform, the Supreme Military Council has approved in principle the introduction of a uniform system of personal income taxation throughout the country. The new system will involve the same rates and similar personal reliefs and allowances for all taxpayers wherever they may be. The new measure will facilitate the mobility of high level man-power and is, indeed, another step towards social and economic integration. State Governments which may suffer revenue losses from the introduction of the new system will be compensated by the Federal Government in respect of those affected under the Pay As You Earn system. The Federal Commissioner for Finance will announce the detail Tariff changes and related measures at his usual Press Conference.

Measures to combat Food Shortage

In order to combat effectively the problem of food shortage at the domestic level, the Federal Government will develop water resources and from now on, go into large-scale Agricultural production in full force. In addition, the Federal Government will improve existing storage facilities so as to reduce wastage.

While Government is making substantial investment in large-scale agriculture, the needs of our small-scale farmers will continue to receive adequate attention. To this end, the National Accelerated Food Production Campaign which has been designed to make available to the farmers high yielding seeds, fertilizers and other inputs has been launched in four States and will be extended to the remaining parts of the country soon. The Nigerian Agricultural Bank has also become fully operational in the financial year just ended, and its first loan of ₦3.7 million was given to the Co-operative Union of the North-Eastern State with a membership of 200,000 farmers. It also granted a loan of ₦900,000 to twelve individual farmers from all over the country. Other applications from various parts of the country are being processed.

Farmers Co-operative Division will be established within the Federal Ministry of Agriculture and Natural Resources in this financial year.

Reform of Marketing Board System

As part of the reform of the Marketing Board System, which was begun last year, the Federal Military Government has decided to abolish the produce sales tax and to increase the producer prices of the commodities affected accordingly. It has also abolished the export duty on rubber, the only remaining dutiable export commodity. Our main objective is to ensure a stable and increased income for the farmers. The Federal Government will compensate the State Governments for the revenue losses which they may suffer as a result of these measures.

New Producer Prices

As the Price Fixing Authority, I have decided that the new producer prices should be ₦132 per ton for Palm Kernel, ₦165 for Copra, ₦220 for Special Palm Oil, ₦206 for Technical Palm Oil, ₦506 for Coffee Robusta, ₦581 for Coffee Arabica and ₦450 for Cocoa. These new prices take effect from next Friday, April 5, 1974.

I have also decided, in respect of the 1974-75 season, that the producer prices for groundnuts should be increased to ₦165 per ton, ₦66 for soya beans and ₦176 for benniseed. Seed Cotton, Grade I will be bought at 9k per lb compared with 6k for the current season. It is hoped that the early announcement of these higher producer prices will induce the farmers to plant more in the forthcoming seasons. The measures are also aimed at assisting further local agriculture, the farming community affected and our agro-allied industries.

The efforts of the Federal Government towards price stabilisation have not been confined to the home front. The activities of the Nigerian National Supply Company Limited have been geared up, and it has been given enough funds to enable it import into the country at reasonable cost, and on a continuing basis, substantial quantities of essential consumer goods, notably milk and building materials. By so doing, the surveillance maintained by the Price Control Board would be more meaningful and effective.

The Oil Industry

As an oil producing country, Nigeria has benefited from the increase in the price of petroleum. However, oil is not the only commodity whose price has gone up in the past year or two. Prices of

practically all finished products, particularly capital equipment which are vital to a developing country like Nigeria, have doubled and in some cases even trebled during the past year or two. Compared, therefore, with the general upward trend in commodity price movements, there is nothing particularly spectacular in the rise in the price of oil. Indeed, the prices of manufactured goods have steadily increased over the last fifteen years while oil prices have remained stable and unchanged. Further, the fact that while deploring high oil prices none of the consuming countries has so far reduced its taxation on oil products to afford any relief to individual consumers, goes to show that the price of oil is basically not too high. Meanwhile the oil companies all report 100 to 150 per cent profit gains. The important thing in all this however, is that it would be wrong merely to seek to lower the price of oil while the prices of manufactured goods on which we of the developing world are so much dependent, continue to rise.

During the Financial Year that is just ending, our production of crude oil remained at just over two million barrels per day as a result of deliberate Government Policy. There will only be a modest increase in the level of production during the coming year in accordance with plans approved long before the current crisis, as we do not intend to take undue advantage of the present disturbed situation in the world petroleum industry.

Revenue from oil forms and will, for a long time, form a very large proportion of Government revenue. The Federal Military Government will therefore, continue its efforts to intervene meaningfully and effectively in the local Petroleum Industry. In this connection, negotiations with two prominent petroleum producers will be concluded during the coming year and we shall acquire interests in some major oil marketing and servicing companies. Also, to remedy the shortage of indigenous skilled man-power existing in this sector, the Government has set aside the sum of ₦9 million to develop the first phase of the Petroleum Training Institute at Warri.

Progress with regard to work on the Second Refinery in Warri is quite satisfactory, and during the coming year, design studies will be completed, and measures will be taken not only to increase production in the Port Harcourt Refinery but also to improve the distributive

machinery so as to obviate occasional shortages. Action is also being speeded up on the establishment of the Third Refinery at Kaduna.

To increase our export earnings from petroleum products, further consideration will be given to the various proposals already received on the construction of export-oriented refineries. In addition, studies which are being conducted into the gathering, liquefaction and export of gas as well as its conversion into petro-chemicals have reached an advanced stage, and during the coming year, technical partners for joint-ventures with the Federal Government will be selected to ensure an early take-off of the projects.

In order to reduce the danger inherent in undue dependence on only one product, the Government will intensify its efforts aimed at discovering new mineral resources and evaluation of known but hitherto unexploited ones. Already, three internationally reputable companies using sophisticated airborne geophysical survey techniques have been awarded contracts covering about half the entire country, and work is expected to be completed in the new financial year.

Energy Supply

With the rehabilitation of electric power supply in the war-affected areas now virtually completed, emphasis will be laid on the improvement and expansion of generating capacity throughout the country to meet the ever-increasing demand and ensure regular and uninterrupted supply. To this end, a 100-megawatt expansion will be completed at Ughelli, and work will commence on the new 300-megawatt Thermal plant at Sapele, both of which are based on utilising some of the gas now being flared. In addition, other substantial capacity extensions will be executed at Afam, Sokoto and Maiduguri Power Stations, while work will continue on two additional units in Kainji.

Particular attention is being given to the distributive machinery. Work on the second Kainji-Lagos Transmission Line as well as on the Lagos Metropolitan Distribution Project which will make substantial improvement to the electricity supply to the Federal Capital, will be completed in the new Financial Year. During the year also, construction will commence on major extensions to the National Grid, the Kainji-Niamey and the Kaduna-Jos-Maiduguri 300 KV Transmission Lines. Other lines like the Benin-Okene and Oshogbo-Ilorin 132 KV lines will be extended and the Zaria-Gusau line will be completed in the coming year.

Domestic and Foreign Trade

It is the objective of the Federal Military Government to continue to encourage rapid expansion in both domestic and foreign trade. To this end Nigeria entered into formal trade agreements with a number of countries and continues to act in concert and co-operation with other African, Carribean and Pacific countries to obtain just and equitable terms of trade with the European Economic Community.

In the effort to give meaning and content to inter-African economic co-operation, Nigeria in collaboration with other West African States, has pursued relentlessly the desired objective of establishing the Economic Community of West African States embracing the whole of West Africa and which will cut across language and other barriers.

Preparatory work has started on Nigerian International Trade Fair scheduled to take place in 1976. The interest which has so far been shown by many countries is a mark of Nigeria's increasing role in international commerce and industry.

Industrialisation Programme

The Federal Military Government is actively pursuing its industrialisation programme. Work is in progress on the two Passenger Car Assemblies in Lagos and Kaduna, and it is expected that the first made-in-Nigeria cars should be on the road by 1975. Plans are also under way for the assembly of commercial vehicles, and it is envisaged that the selection of the technical partners would be made before long. The Single Super Phosphate Fertilizer Factory now being erected in Kaduna should be in production in the course of the year and it is hoped that current negotiations in connection with the project for the manufacture of nitrogenous fertilizer would reach fruition soon. The two salt projects which are now being implemented at Ijoko in the Western State and Sapele in the Mid-Western State are making steady progress and it is expected that before the end of the Financial Year, edible salt produced at these factories will be on sale in Nigeria.

Efforts will continue during the Financial Year to establish more sugar estates in the country so as to meet the rising consumption of sugar in the country. The sugar estate at Numan in the North-Eastern State is expected to commence commercial production during the year with the completion of the preliminary investigations now afoot. The

sugar project in Sunti in the Bida Emirate of the North-Western State will also undertake a pilot plantation in the coming year. The estate at Lafiagi in the Kwara State will move to the pilot stage investigation as satisfactory prefeasibility study has already been made. It is expected that by 1980 the output of sugar from local estates will be well over 250,000 tons.

As has been indicated earlier, the Federal Military Government is deeply concerned about the current shortage of building materials in Nigeria and apart from the short-term measure of providing funds to the Nigerian National Supply Company for direct importation and the abolition of excise duty on cement the Federal Government has embarked on a crash programme to increase local cement production by two million tons a year through the expansion of the production capacity of existing plants and establishing new ones, such as those in Yandev and Ashaka.

Iron and Steel Complex

Satisfactory progress has been made on geological surveys and other investigations in connection with the realisation of the first national Iron and Steel complex. Appreciable deposits of good iron ore have been located in Kwara State while promising reports have been received on coal exploration in the Lafia region of the Benue-Plateau State. As soon as the outcome of the various investigations now proceeding is more clearly revealed, a decision will be taken on the siting and the Engineering design of the steel mill.

A significant development in the year is the fact that a number of industrial companies in which the Federal Government has made investment have now begun to show profit for the first time as a result of the efforts of the Industrial Management Division of the Ministry of Industries.

Insurance Business

It is the intention of the Federal Military Government to reorganise and revitalise the Insurance industry. As a first step towards achieving this end, the Federal Military Government has decided to take over 40-49 per cent of the equity shares of viable insurance companies transacting life and general insurance business in Nigeria. A comprehensive review of the laws governing insurance will be undertaken during the new Financial Year so as to remove abuses now rampant in the industry.

Indigenisation Decree

I now turn to the question of the implementation of the Nigerian Enterprises Promotion Decree which comes into effect as from tomorrow, the 1st of April, 1974. As might be expected, the subject has aroused a lot of interest and, lately, a degree of apprehension especially following a recent decision by the Government to transfer certain enterprises from Schedule I to Schedule II of the Decree. It is easy to appreciate that as the D-Day draws near, questions are bound to arise which could raise doubts as to the readiness of the Government to cope with the ramifications of such a momentous decision. The Federal Military Government feels gratified by, and welcomes, the interest and concern which the public has shown in this matter, and wishes to reassure the general public that whatever it does on this as on every other subject, will be guided strictly by the national interest.

During the first two years, the Nigerian Enterprises Promotion Board has worked strenuously to collate information, classify industries and to identify the businesses affected by the Decree. It has also taken appropriate measures to educate the general public on various aspects and implications of the indigenisation Decree. In addition, seminars and training programmes have been organised by the Universities, and under the auspices of the Association of the Nigerian Chambers of Commerce, Industries and Mines as a means of improving and developing managerial skills among Nigerian Businessmen. All these steps are very welcome and augur well for the eventual success of the Scheme.

Considerable progress has been made in the take-over of businesses affected by the Decree, and contrary to the fears expressed by some foreign concerns, funds have not been lacking for the purchase of shares in businesses in Schedule II of the Decree ; if anything, the issues of shares have been oversubscribed many times. Thus far, therefore, progress on the scheme has been satisfactory. However, it should be clearly understood by all that the intention of the Federal Military Government in promulgating the Decree is first and foremost to promote greater and more effective indigenous participation in the economic life of the nation. It has never been, and it can not be, the intention of the Federal Military Government merely to create avenues for a few individuals to grow rich excessively and easily on account of the indigenisation Decree, while the country's economic well-being suffers or shows signs in that direction.

I wish to stress also that the successful implementation of the indigenisation programme demands a lot of sacrifice from, and poses a big challenge to, all Nigerians who now have a duty to ensure the maintenance of high standards of integrity, business acumen, public relations and general efficiency. To this end, Nigerian businessmen should avail themselves of managerial training facilities wherever available. In this connection, it may be mentioned that a programme of Industrial Training has been launched by the Industrial Training Fund, and regular Courses will be conducted under this auspices by the Centre for Management Education.

I would like to emphasise that commercial banks have an important role to play in the indigenisation programme. They are to supplement the efforts of the Nigerian Industrial Development Bank and the Bank for Commerce and Industries. In this respect, the Supreme Military Council has taken the opportunity of the Budget to review once again the problems facing the indigenous commercial banks and has decided that the Federal Government should give adequate financial assistance to them to facilitate their continued assistance to indigenous businessmen and industrialists. State Governments who own these banks have been enjoined to improve on their management to ensure that the substantial federal resources to be made available to them are fully protected. In this connection, new legislation will be introduced in the new year to empower banking institutions to collect their outstanding debts expeditiously. The new legislative measures will include the promulgation of a Bankruptcy Decree which will impose civil and other limitations on those adjudged bankrupt. Those who cannot pay their debts should no longer be in a position to exercise their civic rights or enjoy enhanced social status through their ill-gotten gains.

Transport Development

The Federal Military Government will continue to pursue vigorously the expeditious implementation of the various development projects in the Transport sector. Enugu Airport is expected to be completed in September this year whilst tenders are being evaluated for the award of contracts for the construction works in Lagos, Calabar, Jos, Ilorin and Kano which are in the first phase of the programme. Construction work in respect of Port Harcourt, Benin, Ibadan, Kaduna, Sokoto and Maiduguri aerodromes is expected to commence later in this financial year. The Lagos Airport is to be modernised by the

provision of various navigational aids, which will start with the installation of an Instrument Landing System early in the new Financial Year. An Airport's Authority charged with the responsibility for the maintenance and management of our Airports will also be set up by Decree very soon.

The Nigerian National Shipping Line Limited will increase the capacity of its fleet by the acquisition of one combo ship designed mainly for the carriage of containers. The Nigerian Ports Authority will commence work early in the Financial Year on the Apapa Third Wharf Extension project. Work will continue on the reconstruction of the Authority's slipway in the Dockyard at Apapa and on the development of a new port in Calabar and a new port for Warri and its approaches, including the Escravos bar.

Considerable progress has been made on the execution of our Road Construction Programme. Construction standards have progressively improved, particularly in respect of bridges all of which are being reconstructed to a minimum of 2-lane standard with two footways giving an overall width of 10 metres (32 ft). Reconstruction and rehabilitation now extend over 7,341 kilometres (4,588 miles) of road at a total cost of ₦644 million.

Reorganisation of the Armed Forces

The reorganisation of the Armed Forces is progressing satisfactorily. Construction work on barracks accommodation is being pursued with greater vigour and the movement of troops to their permanent locations in accordance with the general Army Reorganisation Programme is going on smoothly.

During the past year, the Nigerian Army Resettlement Scheme at Oshodi became fully operational, and some 2,000 disabled servicemen are now undergoing training there in various trades. At the end of their training it is intended that those who qualify would be placed in gainful employment in the Services as well as in civilian life. I would like to take this opportunity to appeal to all concerned to give fullest assistance in finding suitable jobs for these brave men who have sacrificed so much for the nation.

The Navy has continued to grow both in size and capability, and it is in a position to discharge satisfactorily its statutory roles in respect of naval defence, patrol of territorial waters, protection of fishing rights, undertaking hydrographic surveys and naval training.

The training of our Air Force personnel was intensified during the past year. Meanwhile, the Force has responded well to international and domestic needs. It has performed creditably in the emergency airlift operations for the National Youth Service Corps, National Census, as well as in the movement of relief supplies to a number of Organisation of African Unity Member States in distress.

Plans for a Safer Country

During the year just ended, the Nigeria Police Force stepped up its activities in connection with the maintenance of law and order throughout the Federation; in the coming year, it will mount a new offensive against highway and armed robberies, kidnapping and the international trafficking in narcotic drugs, especially, Indian Hemp. A Traffic Warden Service will be established early in the new Financial Year as a support for the Motor Traffic Division of the Nigeria Police Force to cope with the problem of traffic congestion.

National Education Policy

In my Budget Speech last year, I mentioned that steps were being taken to evolve a National Policy on Education which will spell out new objectives of Education in Nigeria. I am happy to announce that shortly a White Paper embodying the new policy will be published.

You will all recall that quite recently the Federal Military Government announced the introduction, during the Third National Development Plan period, of Universal free and compulsory Primary Education throughout the country. Although the Programme is gigantic and far-reaching in its implications, the Federal Government nevertheless believes that no price is too high to be paid to provide and sustain education which is a very potent instrument of nation-building. Accordingly, the Federal Government has concluded plans for a crash programme of Teacher-Training which will begin in September this year.

In the field of post-primary education, the Federal Government has made substantial investments. In addition to Federal Government Colleges which have been opened in every State the Federal Government will open six non-degree granting institutions of higher education later in the new Financial Year. Of these, three will be Advanced Teachers' Colleges, while the remaining three will be Federal Schools of Arts and Science to undertake Basic Studies.

The policy under which the Federal Government makes direct grants to the States to redress educational imbalance will continue. Education grants to State Governments including those in respect of preparatory works for the Universal Free Primary Education is being increased from ₦15 million to about ₦83 million. During the past year, the Federal Scholarships Board awarded 1,700 undergraduate bursaries, 127 post-graduate bursaries and 542 technical bursaries while the Students Loans Board granted loans to almost 5,000 students. In other words, in addition to the existing awards more than 7,000 students in institutions of higher learning got financial assistance from the Federal Military Government last year. More funds will be made available for these purposes in the new Financial Year.

A sum of ₦112 million is being allocated to the National Universities Commission to distribute to the Universities as recurrent and capital grants for 1974-75. This represents an increase of ₦50 million over the provision in the past year.

Health Policy

In the new Financial Year, the Federal Government will streamline existing machinery for drug administration in order to ensure that only drugs which meet specified international quality standards are approved for distribution within the country. Appropriate legislation to this effect will be promulgated soon.

The Federal Government has voted a total sum of ₦19 million to meet the capital costs involved in the expansion of Teaching Hospitals during the 1974-75 financial year. This is in addition to the sum of ₦22.8 million being provided to finance the recurrent budgets of the federally-assisted Teaching Hospitals.

As is well known, preservation of industrial peace is a necessary prerequisite for economic development everywhere. Accordingly, the welfare of the labour force has continued to be of paramount interest

to the Federal Military Government. In the area of industrial relations, the framework for the much-needed reform of our Trade Unions was introduced by the Trade Union Decree which came into force in November 1973.

To enhance the arrangements made for the health, safety and welfare of workers in their various places of employment, the Federal Government will, during the new financial year, introduce legislation to supplement the Factories Act to protect workers against known hazards and make it obligatory for employers to provide canteen and mess-rooms in establishments employing a certain minimum number of workers.

National Emergency Relief Agency

A Decree will be promulgated shortly formally establishing a National Emergency Relief Agency which will provide relief in any area of the country where disaster or any other emergency occurs.

As an earnest of Federal Military Government's determination to promote sports development in the country, a total sum of ₦7 million is being allocated to the National Sports Commission to enable it finance its recurrent and capital expenditure in the coming year. I would like to take this opportunity to pay a deserving tribute to our Sportsmen and women for doing so well during the last Commonwealth Games in New Zealand.

Foreign Policy

In the sphere of our external relations during the year under review, we have continued to be guided by the principles which this country adopted upon our independence. We have maintained and increased the areas of continued practical co-operation with our immediate neighbours and we have given special attention to problems affecting Africa, in keeping with our commitment to support the Organisation of African Unity.

I have in my capacity as the current Chairman of Organisation of African Unity been in close touch with many African leaders during the year and we have spared no effort in dealing with a number of

problems arising in various parts of Africa, especially those affecting the livelihood of large numbers of Africans. It is in this spirit that we have succeeded, with the co-operation of other African Heads of State, in exercising some influence in disputes or disagreements between some African countries. Similarly, Nigeria has played its modest part in matters relating to the relief of our fellow Africans affected by the severe effects of the drought. We have rendered, from our own limited resources, such assistance as we could possibly spare ; at the same time, we have accorded other forms of assistance, such as facilities for evacuation and transportation, and waiver of customs duty and other charges, in respect of relief materials transported through Nigeria to some of our neighbouring countries affected by the drought.

Also, the Federal Military Government has continued to give full and dedicated support to all legitimate movements concerned with the eradication of colonialism and the degradation of the African in his own continent.

Our support for the United Nations Organisation as a valid instrument for world peace has been stated repeatedly in the past. Our attitude in this matter was underlined when I had the honour of leading a delegation, on behalf of the Organisation of African Unity, to address the 28th Session of the General Assembly last October. In my address to the Assembly, I reiterated our great faith in Africa in the United Nations Organisation as a means for inducing and maintaining stability and peaceful co-existence and co-operation throughout the world.

Fellow Nigerians, the Federal Military Government is resolved to continue to be guided in its external relations by the general considerations of peace, understanding, co-operation, stability and the dignity of the black man everywhere in the world.

1974-75 Federal Estimates

After this short review of our activities during the past year and our goals and aspirations for the new financial year, I now wish to refer, very briefly, to the financial resources available to the Federal Government for the discharge of its obligations in the coming financial year.

The Federal Estimates for the Financial Year 1974-75 envisage a total gross revenue of ₦3,122 million out of which ₦626 million will accrue to the State Governments as Statutory and Non-Statutory Revenues. This leaves the Federal Government with a balance of ₦2,496 million to finance its Recurrent and Capital Budget totalling ₦2,625 million.

It is significant to note that external finance continues to play an ever diminishing role in the financing of the country's Development Programme. Of the Federal capital expenditure programme of ₦1,500 million all but ₦66 million will be financed from internally generated current revenue surpluses.

From the preview of the State Budgets which I have seen, I am happy to note that the financial situation of most of the States have substantially improved. The revenues accruing to them as Statutory and Non-Statutory allocations have almost doubled to ₦626 million because of the current upsurge in our petroleum earnings of which the States are also beneficiaries.

In addition to the revenues which the Federal Government constitutionally collects on behalf of the States, a total sum of ₦350 million has also been earmarked as grants to them in the coming year compared with the sum of ₦113 million for 1973-74. These include, ₦180 million for National Low-Cost Housing Programme, ₦83 million in aid of Education, ₦34 million for Agriculture, ₦48 million for Water Supply, ₦9 million for Health and ₦18 million for Local Government Loans Scheme.

In addition, the Federal Government proposes to raise a Development Loan Stock of ₦150 million during the year and pass the whole of the proceeds on to the State Governments.

Not Yet a Rich Country

I would like to emphasise that although our revenue prospects for the coming year are very bright, *Nigeria is not yet a rich country*. It is essential therefore that we all should continue to husband our resources and spend our increases wisely. I believe this is what we have done in the 1974-75 Budget. The Federal Government is as determined as ever to invest the increased resources at its disposal, in infrastructures such as roads, social overheads like education and health. We are equally committed to promote the welfare of all the citizens of this great country.

Fellow Countrymen: The past year was full of significant achievements in the social and economic fields. We stand now on the threshold of a new financial year which promises even greater opportunities than the passing year. The opportunities offered by the coming year can be utilised to the benefit of our people only if the existing

atmosphere of peace and stability continues. In this connection, I wish to recall my appeal in August 1972 when the Public Service Review Commission was set up. At that time, I appealed to the Nation to impose a wage-freeze for about two years during which the Udoji Commission was expected to complete its assignment. I wish to express my appreciation to all the workers in the country and to all organised labour unions for exercising restraints so far in the face of rising living costs. In August this year, when the Udoji Commission will have been at work for 2 years, the situation with regard to the wage-freeze will be reviewed. I am confident that I can count on all of you, in the interest of our nation, to continue to exercise the utmost restraint.

In conclusion, I wish to thank all of you, the men and women of this great nation for our achievements during the past year ; the success of the Federal Military Government is largely a reflection of the measure of your co-operation and dedication to the national cause. I therefore appeal to all of you to continue to place the interest of the nation above personal or sectional loyalties and to endeavour at all times to make maximum contribution to the maintenance of peace and stability which is the only effective guarantee for continued improvement in economic and social welfare of our people.

Thank you.