ANAMBRA STATE OF NIGERIA

BUDGET SPEECH

BY

HIS EXCELLENCY
COL. JOHN ATOM KPERA, p.s.c.
The Military Governor of Anambra State of Nigeria

FRIDAY 7 APRIL, 1978

1978 - 79

My fellow citizens of Anambra State,

With the end of the 1977–78 fiscal year, it is my pleasure and honour once again to present to you our budget estimates for the fiscal year, 1978–79.

The operations of the 1977–78 budget has provided us the rare opportunity of recognizing the realities of our circumstances and the necessity in our annual budget exercises to match our expenditure proposals with the realizable resources. In the past two fiscal years, 1976–77 and 1977–78, we had budgetted for substantial deficits on our capital accounts. This we had done in the honest belief that we should let you know our intentions and anxiety to accelerate rate of development, the apparent paucity of our financial resources notwithstanding. You may therefore recall that in 1976–77 we budgetted a deficit of as much as ₦67.0 million and in 1977–78 it was ₦40.4 million.

When we did this, we were optimistic that our financial fortunes would improve. We were also conscious of the fact that we were executing a Development Programme with stated policy objectives. We proceeded therefore, to enter into long-term contractual financial commitments. These commitments are still in consonance with our stated policy objectives of updating our basic infrastructures and utilities, and are aimed at realizing these policy objectives.

The experiences of the past two years have shown that our expectations were rather ambitious and born of hope. These experiences and the current worsening situation of our development resources have compelled us to reorientate our budget strategy. It is now our intention to consolidate and regulate the rate of the implementation of projects and programmes initiated in the last two years.

My fellow countrymen, I have no intention, on this occasion, to belabour you with a detailed statement of our achievements in the past year and our set-backs which are many. I had taken the opportunity of the Second Anniversary of the creation of our State last February to do so in a press statement I made on that occasion. It is, however, necessary to re-emphasize that, on the whole, we have had more set-backs than achievements. These set-backs have come about largely as a result of the financial situation. We do not lack the will, we certainly have the enthusiasm and our people have a great sense of co-operation. This was clearly demonstrated when I appealed for communities to help provide more post-primary school accommodation. I am forced to point out, however that there has not been much enthusiasm shown in the fulfilment of other civic duties. The Board of Internal Revenue and other revenue agencies have not been able to get the willing co-operation of especially the self-employed. While I appeal to you to voluntarily come forward to carry out your civic responsibilities, I must add that these revenue agencies have now deviced new ways of assessing and collecting these revenues. I shall now proceed to give the highlights of our budget for the fiscal year, 1978–79.

The most significant feature of this year's budget is that we have a balanced budget. There is no overall deficit or surplus. We have for the year provided for a total recurrent revenue of ₦156.1 million and for the current expenditure of ₦142.2 million. We therefore expect a recurrent budget surplus of ₦13.9 million. On the capital side, we have budgetted for a total expenditure of ₦57.1 million and the total estimated capital receipts for the year is exactly ₦57.1 million. As I have already indicated it is our deliberate policy to limit our expenditure budget proposals to the available and realizable financial resources.

The estimated recurrent revenue of ₦156.1 million is made up of ₦26.1 million projected to accrue from the State's internal resources; ₦86.8 million Statutory Share of Federal Government revenue; ₦34.0 million Federal Government Grant for Universal Primary Education and ₦9.2 million Local Governments Grant. And the breakdown of our capital receipts for the year is as follows:—

	₦ *million*
Internal Sources (Budget Surplus)	14.0
Internal Grants	8.7
Domestic Borrowing	31.6
External Aid	2.8
Total	57.1

Although we expect during the year to issue Bonds and raise substantial loans for rural electrification and water supply, we consider it prudent to make only a token provision for these potential sources of development fund. We also expect capital contributions from local governments and communities for rural electrification and water supply projects in their areas of authority and localities.

It is pertinent to draw your attention to the substantial fall in our share of Federal Government Statutory Allocation. In 1977–78 it was ₦94.1 million, it is ₦86.8 million in the current fiscal year, a decrease of ₦7.3 million. The decrease is due to the general decline in the Federal Military Government's revenue expectation during the year, and we are not alone in this.

The decline in our revenue expectations calls for considerable reduction in our recurrent expenditure. It also demands greater effort on our part to improve the level of revenue that we generate from our internal resources. We have therefore increased our estimate of internally collected revenue from ₦16.5 million in 1977–78 to ₦26.0 million in the current year, an increase of nearly 57.6%. This we have done in the belief that the improvement in the organization of the Board of Internal Revenue and in the techniques of income tax assessment and collection will be vigorously pursued. Already substantial progress has been made in this regard. Internal Revenue offices have been established in every Local Government Area of the State and six new Motor Licensing Offices were established last year at Abagana, Aguata, Awgu, Ihiala, Ogidi and Udi. New sources of revenue will be introduced during the year.

In view of the decline in our sources of Development Funds, we have decided to adopt two strategies aimed at improving our capital projects implementation. The first relates to measures to reduce our recurrent spending, with a view to generating budget surplus to be transferred to the Consolidated Revenue Fund and applied to capital projects execution. The Ministry of Finance and Economic Development has been directed to apply stringent budgetary control measures in other to realize this. As our second strategy, we have decided to concentrate our development efforts mainly on projects already started and on which there have been financial obligations together with those already designed and on which financial and contractual obligations had been made.

Our estimates of Internal Grants of over eight million naira is far less than the actual receipts of over sixteen million naira from this source during the 1977–78 fiscal year. This sharp decline of about 50% is due to the virtual disappearance of a great number of Federal grants formerly established to assist specific States sponsored priority projects particularly in the areas of urban roads and water supply.

With this over-view of the budget, I will now proceed to touch upon the main specific features of both the recurrent and capital expenditure proposals for 1978–79.

Education.—Let me start with Education which has, over the years, claimed the preponderance of our development resources. A total of about seventy million naira is budgetted for Education. Of this sum, about sixty million naira is for recurrent expenditure and about ten million naira is for capital. This represents 38.6% and 17.8% of our recurrent and capital expenditures respectively.

During the year the management of primary schools will effectively devolve on the Local Governments which will be fully responsible for the running of the schools in their areas of authority. The Government proposes also to merge the State's Schools Management Board with the Teachers Service Commission. This will bring to greater focus the policy supervision role of the Ministry of Education and Information and also eliminate duplication of functions. As has been made quite clear last year, the Universal Primary Education programme is a Federal, State, Local Government and Community joint programme. In this regard we expect communitites and parents to assist in providing and improving classroom and other school facilities for their children. In the field of Secondary Education, efforts will continue to be made to consolidate the progress made last year in increasing admission, and in providing equipment and other facilities. The placement of form one students will continue to be non-boarding.

Notwithstanding the financial constraint, a reasonable provision has been made to speed up the completion of on-going construction and expansion projects at the Institute of Management and Technology (I.M.T.). Work will be started in earnest at the permanent site of the Awka College of Education. Emphasis will continue to be laid on Technical and Teacher Education this year.

You all know by now that the responsibility for student loans and bursaries has just been transferred to the State Governments by the Federal Military Government. We have therefore as a first step made a provision of one million naira to accommodate expenditure in this area and in the area of the State Scholarship Programme.

Health.—In the Health Sector, a total of about thirteen million naira for recurrent and about four million naira for capital expenditure have been provided. The major activities in this sector during the year will include modernization and re-equipment of existing hospitals, the provision of facilities for training of House Officers in a number of our hospitals and the completion of work on the new General Hospitals already started in Local Government Areas. In the course of the year also, a mortuary unit each for Park Lane Hospital, Enugu, General Hospitals at Nsukka, Enugwu-Ukwu and Nnewi will be installed. Work on the School of Nursing and Midwifery at Nkpor will continue to be tackled vigorously. In addition, our State's Psychiatric Hospital will receive some face-lift in the course of the year. During this year the State's Health Management Board will be established to facilitate the efficient delivery of Health Care Services.

Land Transport (*Roads and Bridges*).—Last year, we embarked on a massive construction of roads, designed mainly to open up large tracks of arable land and facilitate movement of goods from rural to urban areas. Very significant progress has already been made physically on a number of these roads. In this financial year, we propose to spend about nine million naira or over fifteen per cent. of our capital expenditure on this vital sector.

In my last year's budget speech, I informed you that the Federal Government had an effective programme for the reconstruction of the Trunks 'A' and 'B' roads it had taken over in the State. I know that studies and designs had been completed for most of them. Some of them had in fact already gone to tender before this general decline in Federal resources set in. It is therefore not likely that the reconstruction programme will be realized this financial year. The State Government has therefore decided to carry out a minimum level of repairs on the badly decayed portions of these roads through direct labour by the State Ministry of Works and Housing. A recurrent expenditure provision of about ten million naira has been made for this. This brings the total allocation for Land Transport to about nineteen million naira.

Regional Development.—Two areas of great financial commitments are in the Regional Development Sector, namely Water Supply and Town and Country Planning. For Water Supply, seven million has been budgetted; and for Town and Country Planning, nearly seven million naira. Considering our commitments in these fields, these provisions are grossly inadequate, especially for Water Supply.

It is however, our earnest hope to be able to raise funds through bond issues for the purpose of financing the main urban water supply schemes.

Housing.—To continue our housing development programme, one million naira has been provided. It is also expected that the State Housing Development Corporation will be able to raise loans from the Federal Mortgage Bank. A provision of one million naira is also made for the Government Staff Housing Loan Scheme to enable more civil servants purchase or build their own houses.

Agriculture.—In the agricultural sector, capital provision of nearly six million naira is made mainly for food production and livestock development and for recurrent expenditure about four million naira is provided. This brings the total allocation to nearly ten million naira. One of the highlights of the sector is the establishment of the State School of Agriculture, for which ₦250,000 is provided. The establishment of the school will help minimize the scarcity of middle and low-level agricultural personnel in the State in the next few years. This will in turn quicken the pace of agricultural extension services.

Manufacturing and Crafts, Commerce and Finance.—As in the past the Government will continue to rely on the private sector initiative in the areas of manufacturing and crafts, commerce and finance. The Government will however, continue to provide assistance and guidance through the Central Investment Company Limited and the Fund for Small-scale Industries Credit Scheme (FUSSI). To give impetus to private sector investment adequate provision has been made for the development of industrial layouts, particularly at Emene, to facilitate the construction of the commercial vehicle assembly plant now in progress.

During my last year's Budget Speech, I informed you that the State Government-owned Premier Breweries Limited at Onitsha then under construction, would go into production during the year. I am delighted to announce that this objective was achieved and that the Brewery has already made an impressive impact on the market.

Local Government Reforms.—A total of about twenty million naira is provided as grants to the local governments in the State. This amount is made up of a grant of about nine million naira expected from the Federal Military Government and eleven million naira from the State Government. We expect the local governments to generate substantial internal revenue through rates and other sources in their areas of authority. This will supplement these grants in order to enable them discharge their statutory responsibilities. To further facilitate the effeciency of the local governments, the State Government has decided to dissolve the Community Development and Works Unit Sections of the Ministry of Local Government. The personnel of these Sections will be transferred to the various local governments.

During the inauguration of the new local government system, I announced that there will be a competition set for the local governments in order to select the best local government in performance. This was essentially to stimulate healthy competition amongst the local governments and to facilitate efficiency in providing services to the people. The local governments have now been assessed in their performance for their one year of existence and I am glad to announce that the Aguata

Local Government has been adjudged the best. The details of the assessment will be given in due course by the Ministry of Local Government and Social Development.

Conclusion.—Fellow citizens, let me reiterate the Head of State's call for the sake of emphasis. The decline in our revenue calls for great sacrifice on our part. While I express my gratitude for your co-operation and understanding during the past fiscal year, I crave your indulgence for greater co-operation and understanding this year. I assure you that with greater determination, dedication, hardwork and sacrifice we will be able to achieve much, the over-all size of our capital budget notwithstanding.

The Commissioner for Finance and Economic Development will in his press conference give you the details of the Budget.

Thank you and God bless.

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