SOUTH-EASTERN STATE OF NIGERIA

BUDGET SPEECH
1972-73

by

HIS EXCELLENCY
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OFFICIAL DOCUMENT No. 4 of 1972

PRINTED AND PUBLISHED BY THE GOVERNMENT PRINTER
MINISTRY OF INFORMATION AND CULTURAL AFFAIRS
PRINTING DIVISION · CALABAR

BUDGET SPEECH

BUDGET SPEECH BY HIS EXCELLENCY BRIGADIER U. J. ESUENE, MILITARY GOVERNOR OF THE SOUTH-EASTERN STATE FOR THE FINANCIAL YEAR, 1972–73

Fellow Citizens of South-Eastern State,

In presenting the 1972–73 Budget I will endeavour to give you clear indications of the scope of our plan during this financial year. I will also review briefly the achievements of Government in the preceding year.

This year our Recurrent Expenditure is budgeted at £15.5 million against an estimated Recurrent Revenue of £14.7 million. It is not the intention of Government to pursue a policy of deficit financing for Recurrent Expenditure but we have found it impossible in the present circumstances to maintain minimum Services at a cost which will allow us to balance the Budget. In spite of this difficulty, the general outlook is still that of considerable optimism and progress. That our revenue has increased from £6.6 million in 1969–70 to £14.7 million in 1972–73 is indicative of the progress which our economy has made in the last three years. In the preceding financial year we expected a revenue of £14.7 million of which £3 million was arrears of oil revenue. This meant that our revenue for last year was £11.7 million. The real increase in revenue in this year's Budget is therefore £3 million over that of last year—an increase of 25.6 per cent.

Revenue receivable from the Federal Government has gone up from £8.8 million in 1971–72 to £10.9 million in the current Budget. This satisfactory performance at the Federal level is equally matched, I am happy to say, by our performance at the home front, where Internal Revenue has increased from £2.8 million in 1971–72 to £3.8 million, moving from 19 per cent. to 27 per cent. of total revenue. The increasing share of the burden of Government by the people of this State, which this improvement in revenue collection indicates shows how well our people are responding to the challenge of our time. I am happy to note this encouraging response and do hope that this spirit will continue to manifest in the years ahead.

You will recall that three years ago we had to impose stringent tax measures on ourselves in order to mobilize sufficient revenue at a particularly difficult time when our economy was virtually in ruins as a consequence of the civil war circumstances. For this purpose the tax relief applicable to

Marriage Group Four was suspended. This relief is restored with effect from April 1st, 1972 to ease the burden of taxation on large families. At the same time those of us who have the means should make more contribution for the development of the State. From the beginning of this financial year therefore, all tax payers with an income of £300 and above will pay a Development Rate of 1 per cent. of their income. Those earning between £101 and £300 will pay a flat rate of £1 while those from £100 and below will pay 10s. The effect of these measures is to increase the contribution of those in the higher income Group to the Development Fund and reduce the development burden on low income earners.

Other tax measures include the revision of Entertainment Tax which had not changed since 1962 although admission fees to places of entertainment have doubled. Pools promoters will now be required to deposit £1,000 in cash and give a bank guarantee of £4,000 to safeguard the interest of the public against smart operators. Purchase tax has been increased by 2d on premium and regular motor spirit and by 4d on diesel and automative gas oil with effect from April 1st.

Recurrent Expenditure

The Budgeted Recurrent Expenditure of £15.5 million is 14 per cent. higher than that of the preceding year. Although we budgeted £13.6 million for 1971–72 we are not likely to have spent more than £12.5 million judging from figures now available. The actual increase in this year's Budgeted Expenditure will therefore be 24 per cent. This is accounted for by recent salary increases and a modest expansion of the services of the Government.

As in previous years Education claims the highest expenditure vote amounting to £4.6 million which is about 29.7 per cent. of total Expenditure in the Recurrent Budget. General Administration has the next highest expenditure vote of £4.5 million or 29 per cent. The next is Health with £2.5 million or 16 per cent. Thus the total Recurrent Expenditure on Social Services including Education and Health which go to benefit the people directly is 54 per cent. The Recurrent Expenditure on Agriculture and Works and Construction is relatively low as expenditures directly related to Capital Projects in these Ministries are charged to the Capital vote to avoid distortion of Actual Expenditure on Capital Projects.

Capital Budget

In the Capital Budget we expect a total of £16.02 million as Capital and Development Fund Receipts. The Expenditure Estimates under this item amount to £26 million, giving a Budget deficit of £10.3 million. The deficit is expected to be met from funds accumulated in previous years and from loans from the Federal Government.

The preceding financial year has been a year of increased activities particularly in the field of construction works. Our Capital Budget that year was fixed at seven times the actual Capital Expenditure of the year before.

It is worth noting that a considerable number of our construction works are in various stages of actual implementation—some of them very advanced—while more than twenty-four projects are in the design stage and will be implemented this year. The present Budget is nearly double that of last year and is designed to bring our performance in relation to our Development Plan up to date. Apart from intensifying our effort to complete the projects already begun, work will start during this financial year on at least four major industries in various parts of the State in addition to other projects. With the present tempo of activities, we are determined at least to achieve and possibly exceed our implementation target for this year.

The Capital Budget is divided into three main sectors, namely: (1) The Development of Roads and Bridges, water supply and Electricity, primary production and Industries, accounting for 60 per cent. of the total Budget: (2) Improvement of Social Services, particularly Education and Health Services which are allocated 22.5 per cent. of total Expenditure and lastly (3) Administration involving the construction of office buildings and Government residential quarters. For this last item £4.5 million or 17 per cent. is allocated.

Roads:

During the past year rehabilitation work was completed on Uyo–Nwaniba and Eket–Etinan roads. Work is in progress on the vital inter-state road link between Ugep and Abaomoga in the East Central State via Ediba and Itigidi. A bridge will be constructed over the Qua Iboe River at Ndiya to improve road communication between Etinan and Opobo Divisions.

Last year an earth road from Akpet to Okurike in Biase Touring Area was opened. This financial year Okurike and Biakpan will be linked by means of a pontoon service between Okurike and Etone. Also the Abak–Ekparakwa section of Opobo–Abak road was completely tarred last year. This programme of developing our internal road network will continue on Ogoja–Obudu road for which survey and design have been completed: Ikom–Obudu road, Eket–Etinan road, Uyo–Itu, Aka–Etinan and Nung Udoe–Ikot Ubo Roads will also be built.

Survey work on the Akamkpa-Oban road is underway while full engineering study for Eket-Opobo road will soon be completed for construction work to start next dry season. In this financial year we also intend to survey and commence construction of Yahe/Bansara-Managina road and open a motorable road from Orukim to Jamestown.

The construction and tarring of township roads has made good progress and will be continued this financial year. In the State Capital work has already commenced on the planning and designing of major township roads in accordance with the Master Plan. Construction will start on the Western Highway, Cameroun Road and the Marian Road Extension next dry season.

Progress on Calabar–Ikom Road which we supervise for the Federal Government is very encouraging. The road is expected to be completed and opened to traffic by August, 1973. Significant progress has been made on Calabar–Ekang road where construction work has reached Aningeje. Consulting engineers are working on the survey and design of Calabar–Itu Road and it is hoped that actual construction will commence this year.

Public Buildings

At the beginning of last dry season a state-wide construction programme of Government offices and quarters was launched. Work is nearing completion on Secretariat buildings in twelve Divisional Headquarters while the building of Sub-Treasury Offices, Tax Offices, Works Organizations and staff Quarters is in progress in every division of the State. Work on the Secretariat Buildings at Calabar is making a steady progress after a slow start. In addition to these, preparations are nearing completion for the building of a Cultural Centre, a State Library, and a Conference Centre in Calabar. Also on the drawing board are new blocks for the Cabinet Office and the Ministry of Finance.

While the construction of Office buildings and quarters is going on, the State Housing Corporation has launched the construction of one hundred houses in its new estate in Calabar. This is a housing programme to encourage home ownership. When completed the houses will be available to members of the public on easy mortgage terms.

WATER AND ELECTRICITY SUPPLY

Consulting Engineers working on Water Supply Schemes in the State have submitted reports in respect of some towns. It is expected that contracts will be awarded during this year for the construction of the Schemes at Calabar, Eket and Etinan and the completion of the Schemes at Ugep and Ediba. Existing Schemes in other towns will be expanded to cope with rapid increase in Urban population.

Electricity supply continues to be one of our chief problems. Last year a report on rural electrification in the State was received. Meanwhile isolated generating set will be installed at each Divisional Headquarters for urgent domestic and commercial requirements. To meet the demand of heavy industries on a long term basis Government plans to establish a Rural Electricity Board which will generate power from natural gas.

PRIMARY PRODUCTION

In spite of falling prices in export markets for cash crops Government places great importance on the development and increase of primary production. The tree crops subsidy scheme will be continued. £800,000 will be made available to the Agricultural Development Corporation to complete its Rehabilitation Programme and carry out some expansion. The South-Eastern State Rubber Plantation which has achieved full rehabilitation will complete work on its new factory. This will have the effect of doubling its present output.

The fall in World Market prices for our export produce has had serious effects on the finances of the Marketing Board, and on its ability to purchase from produce farmers. During the past year, only 71,000 tons of produce was purchased. This represented 61 per cent. of the planned target. One of the main reasons for the shortfall was smuggling to neighbouring territories and to combat this and improve the lot of farmers, Government will investigate the possibility of improving the producer prices. Until the World Market price improves the Marketing Board will have to absorb any losses while paying the farmer a stable price. It is estimated that our Marketing Board will have a deficit of £2.2 million in this operation this year.

Food production is also receiving active Government attention. 625 acres of land are under cultivation for maize, rice and cassava under the Model Farm Projects. Both the acreage and the number of farms will be increased this financial year. To assist local farmers Government provided £100,000 last year to over 1,000 farmers by way of short term credit. This policy which has paid good dividend by increasing the acreage of food crops cultivated will be further intensified this year. A tractor hiring Unit will be set up to promote mechanization of agriculture. In order to increase the number of literate farmers and encourage school leavers to take up farming, the teaching of agriculture in schools and colleges and the improvement of facilities in Abak Farm Institute have an important place in this year's Budget. In addition to these, arrangements have been completed for the establishment of a School of Agriculture at Obubra which will be opened in September this year.

Afforestation Programme

Every effort has been made to make the best use of our immense forest resources and to step up our afforestation programme, as this is an area in which we have great potentials. 7,000 acres of forest were opened up last year for exploitation to supply timber to the saw mills in the State. At the same time a new forest plantation of 1,600 acres was established while 10,000 acres of existing plantation was maintained in productive condition. Our main objective is to ensure that at all times there would be sufficient raw materials for major wood-based industries which are to be established during this year in the State. In this connexion, arrangements are at an advanced stage to establish a wood-working complex in partnership with the Rumanian State Company for Wood Industries.

Industrial Development

In our development programme industries occupy an understandably urgent and important place. It is clearly essential that the primary natural resources of the State should be developed to benefit the people and create employment opportunities by the formation of a diversified industrial structure. Processing of our primary products into finished goods for domestic and foreign markets will ensure a sound economy free from fluctuation of prices in the World Market. A determined effort therefore is being made to establish industries based on locally produced raw materials. A total of £8.4 million is allocated for this purpose. During this year work will start on the construction of an Asbestos Cement Factory, a Flour Mill, and a Palm Kernel Crushing Plant. Other industries which will also be established include Wine Industry and a Textile Complex. The existing Cement factory will be expanded to produce 300,000 tons a year. The Calabar Veneer and Plywood Company will be re-organized and expanded to increase the capacity of the saw mill and to produce plywood.

Government is particularly interested in encouraging the establishment of small scale industries. For this purpose negotiations have been completed with Overseas Technical Experts who will assist private investors in the State to establish various small scale industries and also help them in staff training. Government will also provide credit on easy repayment terms for financing 80 per cent. of the cost of the plants and machinery. Industrial estates are being sited in six locations to assist industrialists to establish in the State.

Financial Institutions

The Mercantile Bank has been playing a significant role in backing up our development effort especially in the private sector. Its paid up capital will be increased and branches will be opened at Oron, Abak, Opobo and Lagos. I wish here to record our gratitude to the Central Bank of Nigeria for its support and contribution to the development of the Bank. In order to provide long and medium term finance in support of our sustained development activities and to build up a virile and prosperous private sector we plan to mobilize and harness all investible funds and savings available. For this reason Government is setting up a Unit Trust Investment Company with a capital of £1 million. The main object of this Company will be the encouragement of private savings and the financing of private enterprises.

Social Services

The standard of service in Government and Voluntary Agency Hospitals continued to improve with the recruitment of more doctors and the provision of adequate supplies of drugs and equipments. Plans for the establishment of a Specialist Hospital is at an advanced stage and work is expected to begin on site during this financial year. To keep the towns clean and reduce the possibility of epidemics, an improved method of refuse disposal has been introduced in Calabar and will eventually be extended to other towns.

As I have mentioned before nearly one third of our Recurrent Expenditure is spent on Education. In spite of this the standard of work being done in our schools continues to be a source of concern to the Government. To remedy the situation urgent steps are being taken to improve and expand facilities particularly for the teaching of Science in our Secondary Schools and Teacher Training Colleges. In the first phase of this operation £300,000 will be spent on expansion and improvement of facilities in Teacher Training Colleges. A sum of £400,000 will be spent on building and equipping new laboratories and class-rooms in ten selected secondary schools in addition to eight others whose expansion is being financed under the World Bank Second Education Project. This will involve the conversion of the eight Secondary Schools into Comprehensive Schools each of them offering diversified curricula which will include wood work, metal work, commercial subjects, Home Economics, Agriculture and in some cases Sixth Form Science and Arts. In order to tighten up the process of selection of candidates for admission into our schools so as to ensure the maintenance of high standards and improved performance in our educational Institutions, admission into Secondary Schools, Teacher Training Colleges and Trade Centres will be by a Common Entrance Examination as from this year.

Positive steps have been taken to get the College of Technology project off the ground. An Interim Planning and Management Committee has been set up for the College and every effort will be made for the first batch of students to commence their studies at the college in September, 1973. The Advanced Teachers Training College at Uyo is being expanded to provide facilities for a School of Science to prepare students for admission to Institutions of Higher Learning. The first batch of students for this course will be admitted in September this year.

Two years ago when the Development Plan was launched our State was steeped in the problems of rehabilitation. We had neither adequate infrastructure nor resources to apply to development Projects. Now with the work of rehabilitation nearing completion we are in a position to consolidate the foundation that has been laid and embark on measures that will not only create job opportunities but will also appreciably raise the standard of living of the people.

Fellow citizens, as you have just heard, there is a great deal of work to be done. There are indeed busy days ahead of us all. The development programme spelt out in this year's Budget will be achieved only with your maximum co-operation, all of you consciously applying yourselves to this great task which deserves our whole-hearted support. Let us join hands together to build a better State for ourselves and for our children.

Thank you.

Price: Two Shillings

WT. 312/572/600