

AN ADDRESS BY HIS EXCELLENCY, ENGR. DAVID UMAHI, FNSE, FNATE, GOVERNOR OF EBONYI STATE ON THE OCCASION OF THE RE-PRESENTATION OF THE EBONYI STATE GOVERNMENT 2015 BUDGET AND APPROPRIATION BILL TO THE STATE HOUSE OF ASSEMBLY ON THIS 22ND DAY OF JUNE, 2015.

PROTOCOL

May I extend my very warm greetings to the Rt. Honourable Speaker and Honourable Members of the House.

I Cherish the duty and honour of standing here today to re-present to this Honourable House my administration's maiden Budget Estimates for the 2015 Fiscal Year for your kind and speedy consideration and appropriation.

I wish to use this opportunity to appreciate the Honourable House Members for the harmonious and peaceful election of your leaders and to reconfirm my support and co-operation with you in all your steps in the direction of our collective Vision and Mission as a State.

My administration decided to withdraw the previously submitted 2015 Draft Budget and to re-present these revised estimates after a careful study of the earlier submission and the need to adjust same to meet the realities of the prevailing downward economic trend in our country.

This adjustment has brought about a significant reduction in our earlier draft budget from N80.0 billion to N75.88 billion. With a consistent drop in the inflow from the Federation Account, which undoubtedly is the outcome of the dramatic fall in international crude oil price, theft of crude oil in the Niger Delta areas and oil bunkering, a budgetary adjustment is inevitable and that is precisely the painful reality we are confronting today.

Mr. Speaker, the total budget outlay for 2015 fiscal year which we are re-presenting to this Honourable House today stands at the sum of N75, 884, 703, 690 (**Seventy Five Billion, Eight Hundred and Eighty-Four Million, Seven Hundred and Three Thousand, Six Hundred and Ninety Naira**).

This translates to a decrease of 11.38% when compared to the 2014 revised budget of N85, 634, 933, 972 (**Eighty Five Billion, Six Hundred and Thirty-Four Million, Nine Hundred and Thirty-Three Thousand, Nine Hundred and Seventy-Two Naira**).

BUDGET HIGHLIGHTS

A) RECURRENT REVENUE

The expected sources of Revenue for 2015 Fiscal Year is as tabled below:

RECURRENT REVENUE	2014	2015
Balance of unutilized fund <i>brought forward</i>	13, 333, 624, 640	4, 500, 000, 000
Statutory Allocation from Federal Government	35, 257, 981, 545	30, 000, 000, 000
Internally Generated Revenue	800, 000, 000	12, 000, 000, 000
Capital Receipt	19, 043, 327, 787	19, 384, 703, 690
Loan (Internal and External)	10, 000, 000, 000	10, 000, 000, 000
	85, 634, 933, 972	75, 884, 703, 690

In the above revenue sources, the inflow from Federation Account amounts to N49, 384, 703, 690 or 64.68% of our State's 2015 Budget Estimates. This includes statutory allocation of N30, 000, 000, 000 and the component of the capital receipt, which includes: Value Added Tax of N7, 500, 000, 000; share of Exchange Rate Gain N2, 400, 000, 000; non oil Revenue of N2, 184, 703, 690; reimbursement from the Federal Government of Nigeria of N1, 000, 000, 000; Reimbursement from Bond of ISPO of N1, 300, 00, 000 that will expire in July, 2015 and Grant of N5, 000, 000, 000.

Other sources include: N4, 500, 000, 000 unutilized fund provision that will be carried forward as the opening book balance for the financial year; N10, 000, 000, 000 loan and N12, 000, 000, 000 from Internally Generated Revenue (IGR).

The State Government intends to increase her tax revenue in the 2015 Fiscal Year by aggressively diversifying into numerous untapped tax revenue sources.

This plan became imperative consequent upon the Federal Government's de-emphasis on oil revenue and the impending austerity measures aimed at cutting the cost of public sector governance. The revenue sources to be strategized include landed property documentation, fines and fees, among others.

EXPENDITURE:

In the 2015 Fiscal Year, the Expenditure ratio between Recurrent Expenditure and the Capital Expenditure is 48.86% to 51.14%

The Recurrent Expenditure will gulp N37, 075, 553, 690 (including inbuilt stabilization fund that will be mainly expended in unforeseen areas of recurrent needs), while the Capital Expenditure will gulp N38, 809, 150, 000 inclusive of stabilization provision for capital projects.

The summary of the expenditure portfolio is as below:

EXPENDITURE	2014	%	2015	%
Recurrent Expenditure	35, 758, 384, 400	41.76	37, 075, 553, 690	48.86
Capital Expenditure	44, 876, 549, 572	58.24	38, 809, 150, 000	51.14
Stabilization Fund	5, 000, 000, 000			
	85, 634, 933, 977	100	75, 884, 703, 690	100

In the Recurrent Expenditure, N8, 691, 253, 153 is proposed for Personnel Cost. N10, 293, 980, 822 is for Overhead Cost; Stabilization is N2, 116, 130, 285; while N4, 500, 000, 000 is for Grants to Higher Institutions and their contributions and N11, 474, 189, 430 is for statutory charges. This is shown in the table below:

S/N	DETAILS	2014 N	2015 N
1	Personnel Cost	8, 550, 236, 350	8, 691, 253, 153
2	Overhead Cost	10, 107, 000, 000	10, 293, 980, 822
3	Grants and Self Contributions	6, 102, 130, 400	4, 500, 000, 000
4	Statutory Charges	10, 999, 017, 560	11, 474, 189, 430
5	Stabilization Fund (Recurrent)		2, 116, 130, 285
	TOTAL	35, 758, 384, 400	37, 075, 553, 690

The provision for Overhead Cost in 2015 increased by 1.31% as compared to 2014 Fiscal Year. The increase of N536, 980, 822 is to meet the immediate recurring needs of a new administration and source of funding reasonable component of wage increases, where possible. The 4.32% increase in the Statutory Charges is to meet the State mandatory debt obligations that will expire by July, 2015, as well as 10% State contribution from Internally Generated Revenue to the the Local Government Councils.

Within the N2, 116, 130, 285 that make up Recurrent Stabilization Fund, we made a provision of N455, 718, 870 for the Judiciary for the purposes of salaries and overheads, although they had proposed N4, 470, 540, 041.64 for these purposes.

B) CAPITAL EXPENDITURE:

The sum of N38, 809, 150, 000 which includes the Stabilization Fund of N7, 000, 000, 000 is provided for Capital Project in the 2015 Fiscal Year.

The amount is 14.3% less than the 2014 provision. The reduction is as a result of the economic realities of our revenue sources.

Below is the sectorial distribution of the fund in the Capital projects:

S/N	SECTOR	2014	2015
1	Administration	5, 407, 300, 000	4, 701, 300, 000
2	Economic	29, 848, 009, 572	19, 159, 150, 000
3	Law and Justice	257, 790, 000	15, 000, 000
4	Regional	180, 000, 000	257, 000, 000
5	Social	9, 183, 450, 000	7, 676, 700, 000
6	Contingency Provision for S/NO 1 – 5	5, 000, 000, 000	7, 000, 000, 000
		49, 876, 549, 592	38, 809, 150, 000

The Economic Sector has a provision of N19, 159, 150, 000 thus taking the largest-chunk of the Capital provision. This is justified on the basis of Government’s serious commitment to commence the construction of flyovers, rehabilitation of urban roads, construction of rural roads, water reticulation in our urban centers among other commitments.

Within the Economic Sub-sector, works and transport has the highest allocation of N8, 000, 000, 000 followed by Water Resources with the sum of N2, 520, 000, 000 and the sum of N8,, 639, 150, 000 is shared among other sub-sectors.

SOCIAL SECTOR

The Social Sector takes the second largest allocation with the total sum of N7, 676, 700, 000. Within this context, the Education Sub-sector has the highest provision of N4, 408, 100, 000 while the Health Sub-sector is allocated N1, 432, 900, 000. Other sub-sectors within the Social Sector have N1, 654, 700, 000 shared amongst them.

Within the Capital Development Stabilization Fund of N7, 000, 000, 000, we propose to make a provision of N642, 485, 950 for the High Court, Customary Court of Appeal and Judiciary Service Commission, as against the judiciary's proposal of N1, 796, 751, 500 for the High Court and N1, 327, 300, 000 for the Customary Court of Appeal, respectively.

CONCLUSION:

Honourable Speaker, Principal Officers and Honourable Members of the House of Assembly, the foregoing is the skeletal outlay of the Revenue and Expenditure profile of Ebonyi State for the 2015 Fiscal Year. The full details and specific breakdown of the Budget will be given in a subsequent press briefing by the Honourable Commissioner for Finance and Economic Development.

After careful reflection, we deemed it appropriate to term this re-presentation **a Budget for Repositioning**, taking into due consideration the new set of priorities and challenges. It is a theme that reflects the prevailing harsh economic circumstances in both our State and the country generally.

As we strategize on enhancing our Internally Generated Revenue base, the civil servants, businessmen, politicians and the artisans should not fail to make an impact by abiding by the guiding rules through tax compliance for the betterment of our collective welfare and the future of our children.

As you all know, our internally generated revenue has room for improvement. Our skilled and trained manpower base is limited, placing a huge burden of capacity building on us. Uncompleted projects in the state are vast and spread across the entire landscape,

each carrying liabilities in hundreds of millions if not in billions of naira. The state is encumbered by a considerable amount of debt, including unpaid certificates. There is no doubt whatsoever that we are stepping into governance with serious financial challenges. These inherited liabilities combined with our manifesto pledges are going to challenge us in dimensions that cannot be predicted. Elimination of waste, barricade against corruption, intelligent rationing of limited resources, and accelerated exploitation of our natural endowments will see us through. I must therefore call upon this House to rise to the highest dictates of cooperation with us as we strive to dig ourselves out of these harsh economic challenges. Solutions cannot be simplistic and creativity must be our cardinal requirement.

But the cooperation that we demand does not just end with members of this Honourable House. For us to meet our principled commitments in the areas of education, security, health, agriculture, capital city, environment and many other areas, we must all collectively and individually ask ourselves what we can do for our dear State and not just what the State can do for us. It is indeed expected that all Stakeholders in the Ebonyi Project especially the civil servants, politicians and public office holders must make sacrifices to enable the State to move forward.

We intend to take serious and well thought out measures to increase our tax drive and other IGR sources in order to boost the monthly revenue target of the State from an average of N450 million to N1.5 billion monthly. This means we must be creative, committed and think outside the box.

In forming a government that is lean, effective and in cognizance of the current harsh economic realities, we intend to demonstrate seriousness of purpose by scrapping some ministries and merging some boards with their parent ministries. Once we have worked out the precise modalities we will present our Position Papers and other appropriate documentations and procedures to this Honourable House for your necessary consideration in due course.

Thank you for your kind attention.

Engr. David Umahi, FNSE, FNATE

GOVERNOR OF EBONYI STATE