



ONDO STATE CITIZEN'S BUDGET 2018

ONDO STATE MINISTRY OF ECONOMIC PLANNING AND BUDGET

BUDGET TERMS

Budget is an estimation of expenditure and revenues of the government over a specified period, usually a year.

Recurrent Expenditure is the part of the total government expenditure meant for monthly payment of salaries of government workers, payment of interest on debts and daily running of Ministries, Departments and Agencies of Government.

Capital expenditure is the part of government expenditures meant for developmental projects like schools, hospitals, roads, etc in the State.

Roll-over fund is the unspent amount brought forward from the last financial year, to be added to the current year revenue.

Personnel Costs are the part of recurrent expenditure of government used for the payment of salaries and pension of government workers.

Budget support is the amount given by the Federal Government to support the State to pay salaries and pensions in the event of low Federal allocation.

Overhead costs are the part of recurrent expenditures of government used for daily or periodic administrative expenses.

Debt stock is the total of domestic and external debts of the government over a period of time.

Debt servicing is the amount of money allocated in the budget for the repayment of principal of domestic and external debts.

Revenue is the total amount generated by the government over a specified period.

Consolidated Revenue Fund charge is part of the estimate statutorily used to pay salaries of political office holders, Pensions Gratuity, benefits to past Governors/Deputy Governors and interest of borrowings/debts.

Released capital expenditure is the part of the capital expenditure budget that a ministry or agency can access for its capital projects. This is the amount authorized by government after due procurement process has been fulfilled.

Cash-Backed capital expenditures is amount in cash made available for execution of capital projects.

Statutory Allocation is the allocation to the State from the Federation Accounts. It is determined by Federal Account Allocation Committee (FAAC).

Utilised capital expenditure is the total amount paid out by the Ministry, Department or Agency upon the provision of a service by a Contractor or Agency.

IPSAS: International Public Sector Accounting Standards

OUR FOCUS: JMPPR.

JMPPR:

- J - Job Creation through Agriculture, Entrepreneurship and Industrialization.
- M - Massive Infrastructural Development and Maintenance
- P - Provision of Functional Education and Technological Growth
- P - Provision of Accessible and Qualitative Health Care and Socio Service Delivery
- R - Rural Development and Community Extension Services

2018 BUDGETARY PROCESS

- Preparation of State Medium term Expenditure Framework (MTEF) and Fiscal Strategy Paper (FSP)
- Pre-Call Circular – Released on 8th August, 2017
- Call Circular – released on 3rd November, 2017
- Pre-Treasury Board Meeting – 16th to 18th November, 2017
- Treasury Board Meeting - 4th to 15th December, 2017
- Presentation of Appropriation Bill to HoA– 22nd December, 2017
- Passage of Appropriation Bill – 27th January, 2018
- Signing of Appropriation Bill into Law – 6th February, 2018
- Execution of the Budget
- Monitoring, Measurement and Evaluation of the Budget.
- Quarterly Review Report: At the end of each quarter.

REVENUE COLLECTION: The expected revenue for the year 2018 amounts to ₦181, 424,540,283.00. The revenue is expected to come from the following sources.

A Earnings:

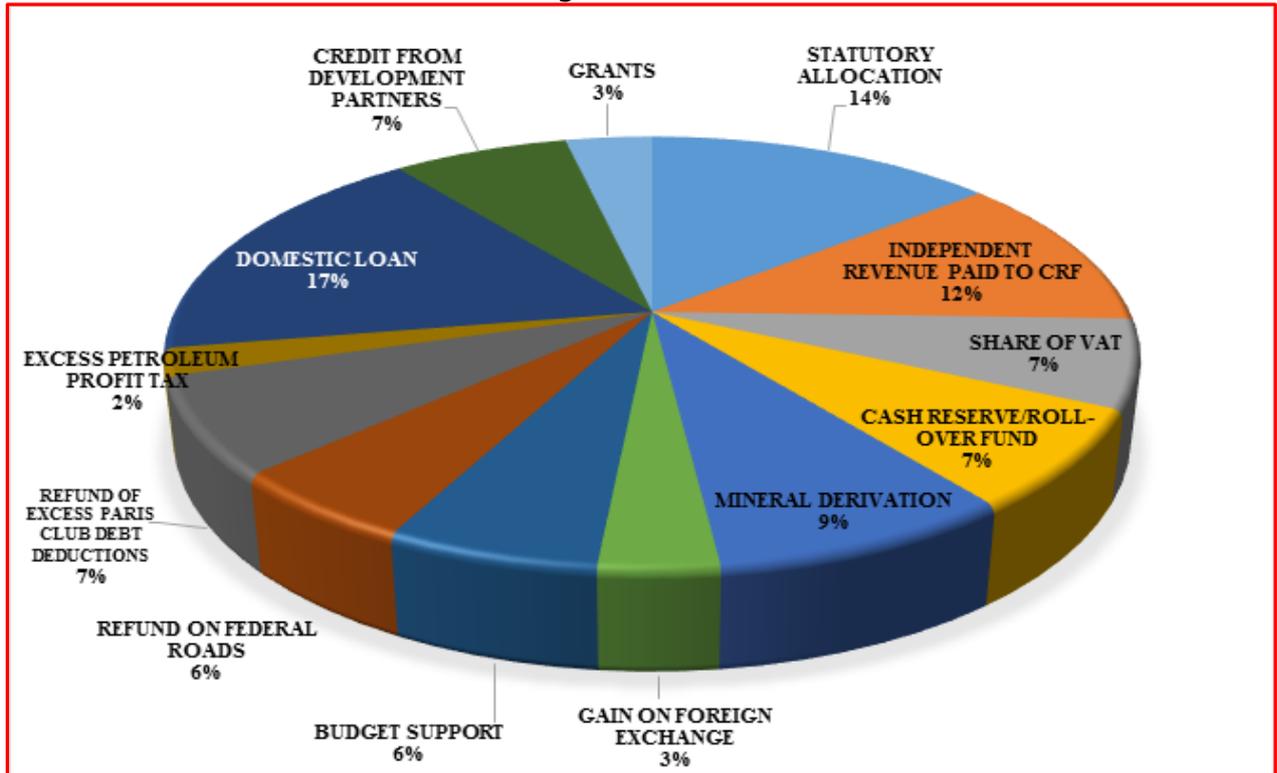
i.	Statutory Allocation	-	₦25, 352,256,000.00
ii.	Independent Revenue	-	20,923,646,783.00
iii.	Share of VAT	-	12,000,000,000.00
iv.	Cash Revenue/Roll-Over fund	-	13,500,000,000.00
v.	Mineral Derivation	-	5,536,592,000.00
vi.	Gain on Foreign Exchange	-	6,126,000,000.00
vii.	Refund on Federal Roads	-	10,000,000,000.00
viii.	Refund on Excess Paris Club Debt	-	13,156,000,000.00
ix.	Excess Petroleum Profit Tax	-	3,683,000,000.00
x.	Grants	-	<u>6,279,046,084.00</u>
	Sub-Total	-	<u>126,556,540,867.00</u>

B Deficit:

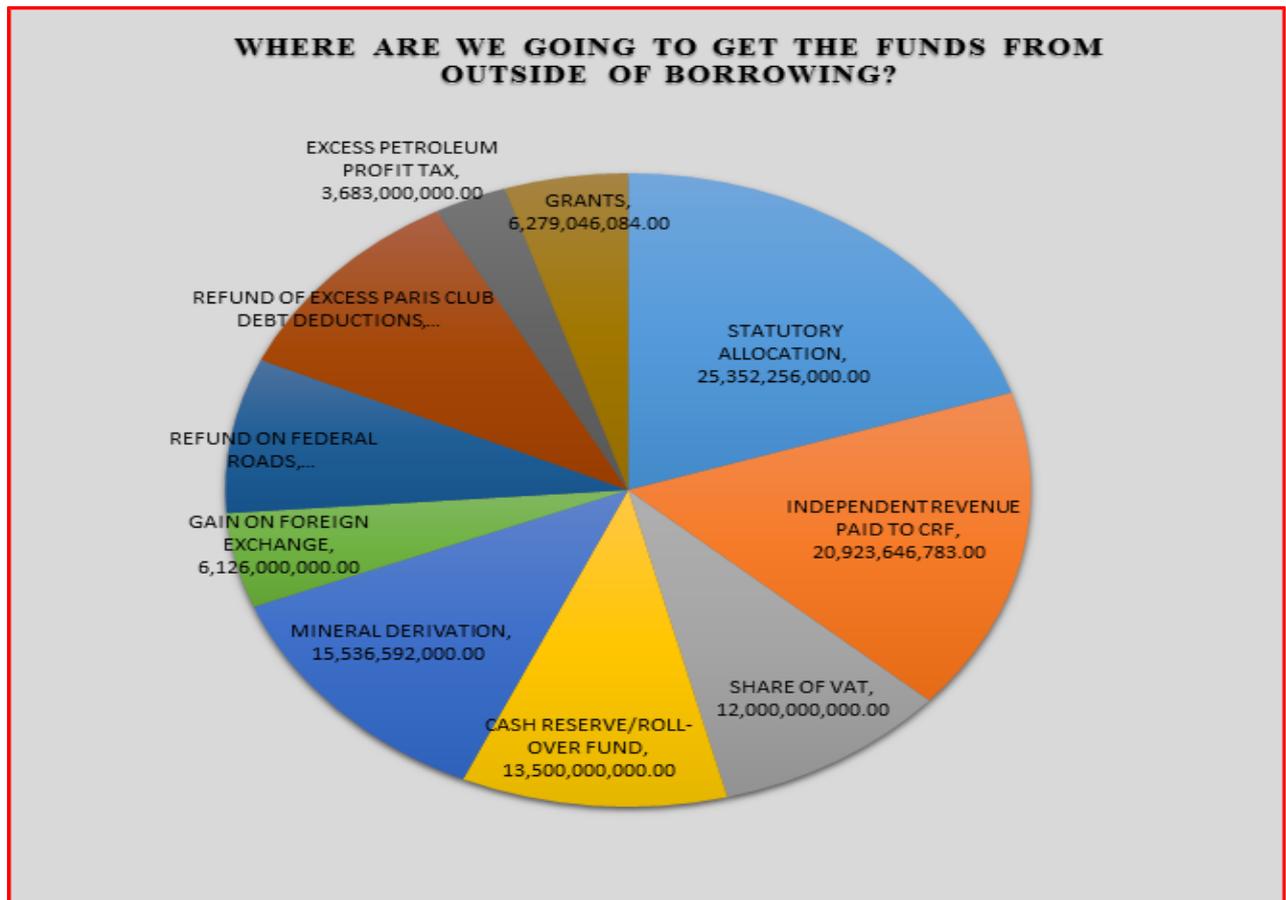
xi.	Budget Support	-	10,925,000.000.00
xii.	Short-term Borrowings/Domestic Loan	-	31,194,564,633.00
xiii.	Credit from Development Partners	-	<u>12,748,434,783.00</u>
	Sub-Total	-	<u>54,867,999,416.00</u>

GRAND TOTAL REVENUE A + B - 181,424,540,283.00

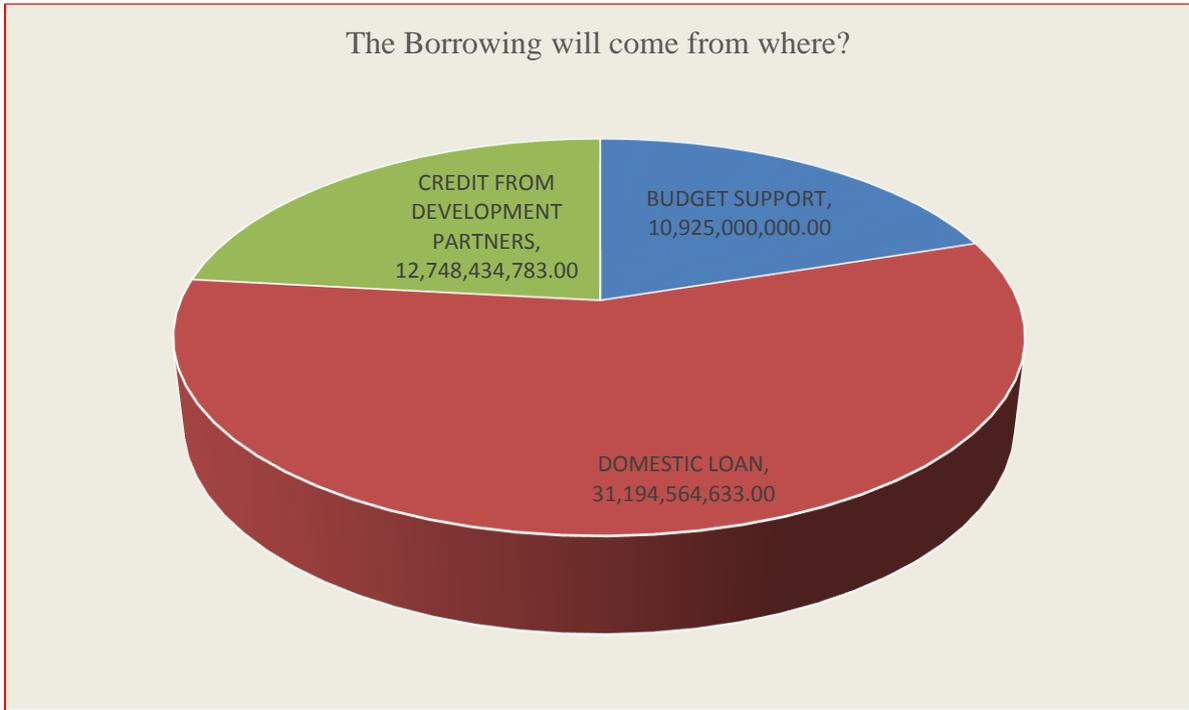
Revenue from all sources for 2018 Budget



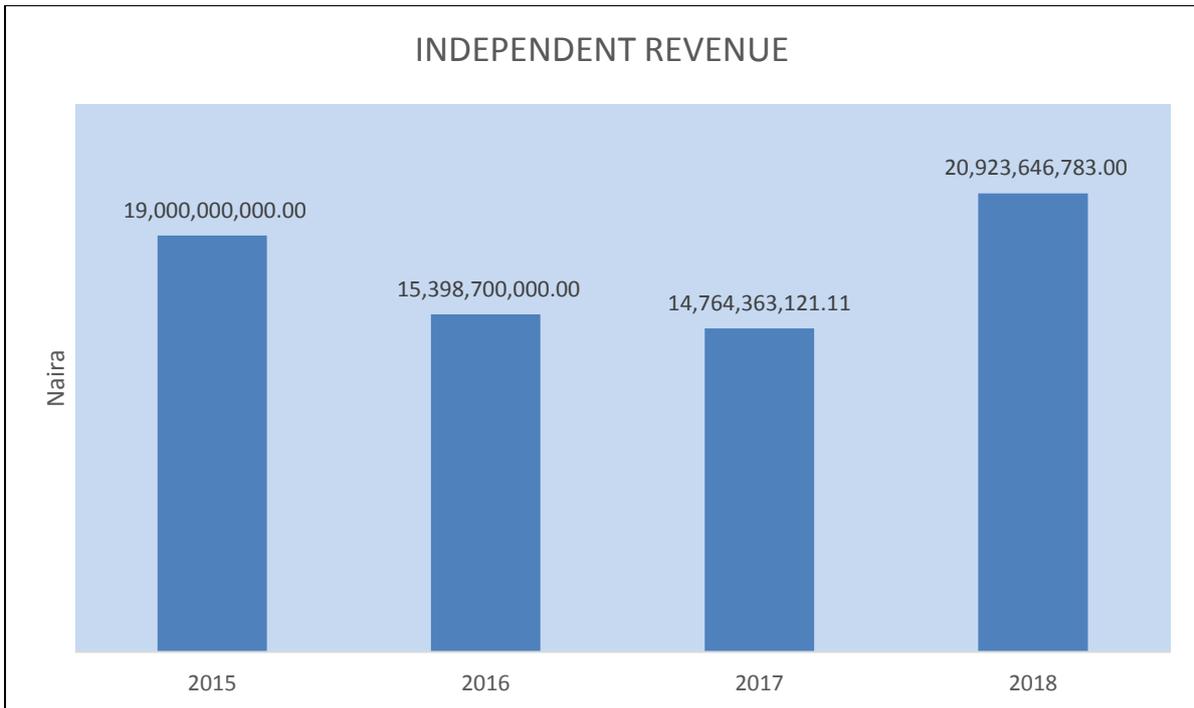
TOTAL BUDGET: ₦181, 424,540,283.00



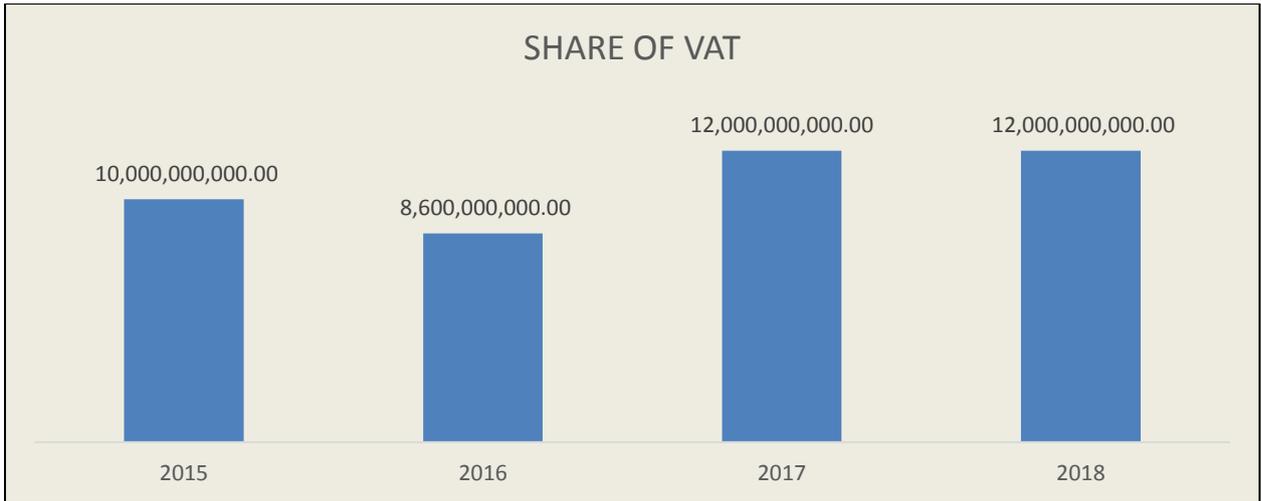
Total of what budget would have been if we do not borrow is ₦126, 556,540,867.00



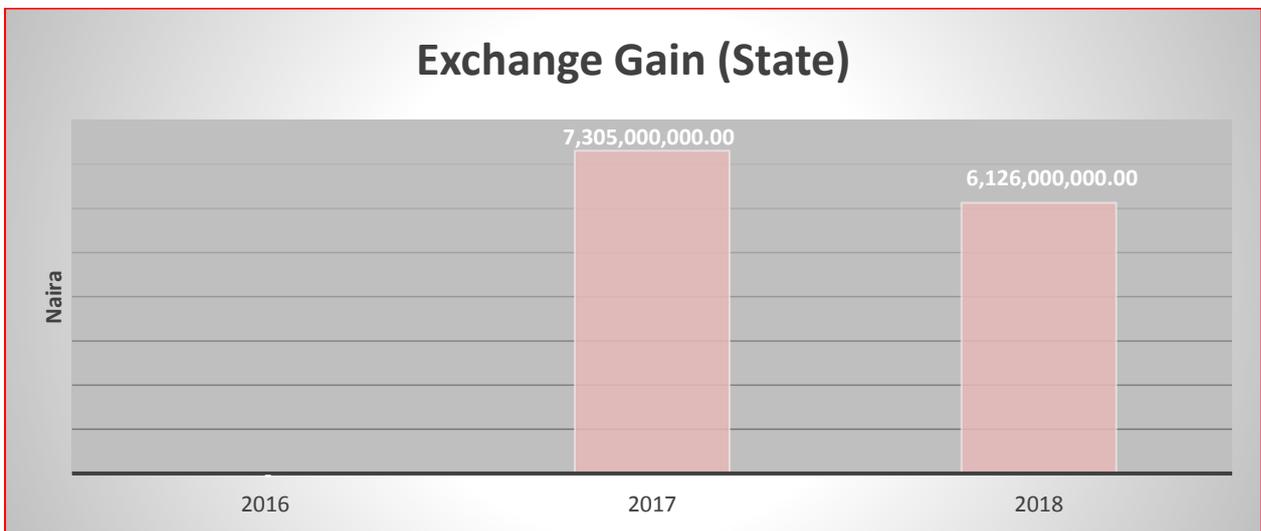
Total Borrowing: N54, 867,999,416.00



Independent Revenue is the total funds generated within the State. It is otherwise called Internally Generated Revenue (IGR).



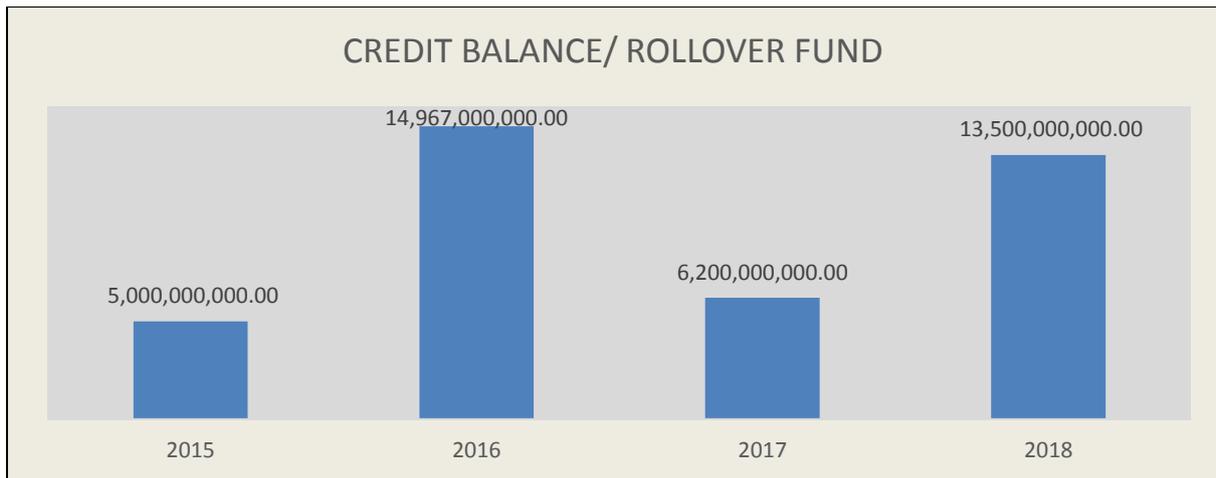
Value Added Tax (VAT) is a tax placed on products whenever value is added at a stage of production and/or at the point of retail sale.



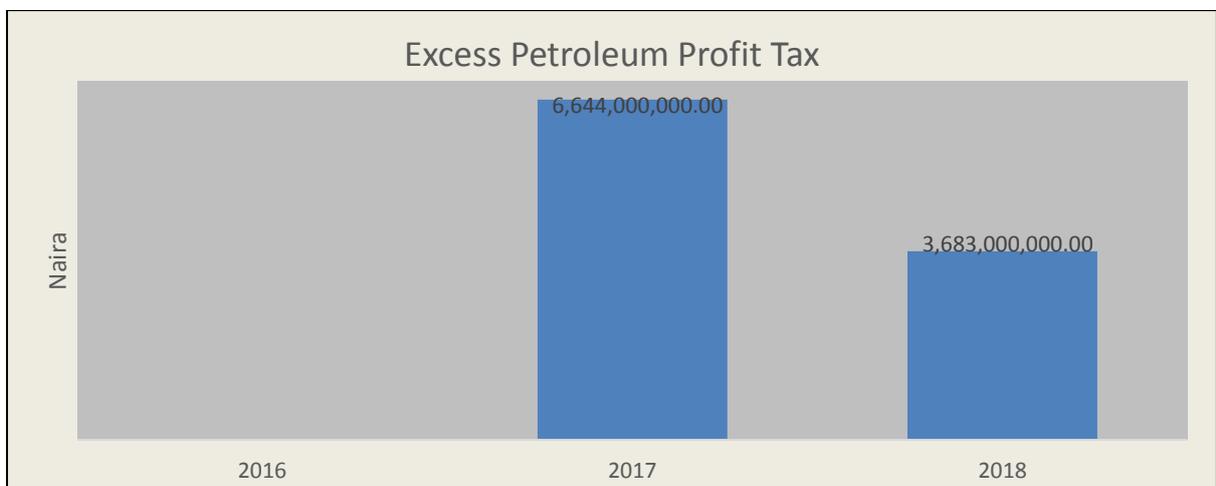
Exchange Gain is the increase in cash inflow caused by a positive change in the exchange rate of Naira in relation to Dollar. There are no such income from FG to the states before year 2017.



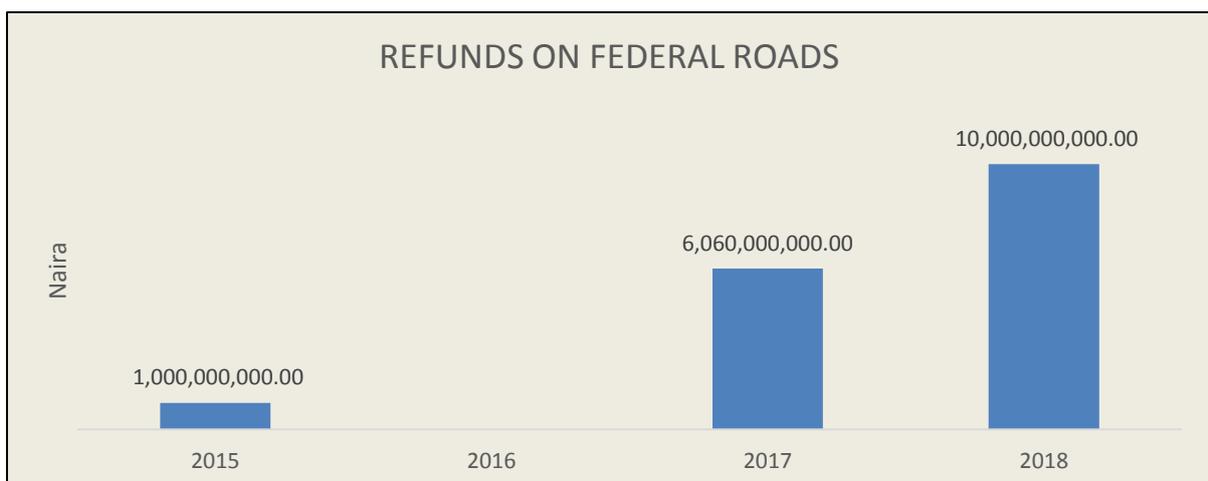
These are borrowings made by the state government to fund special capital projects.



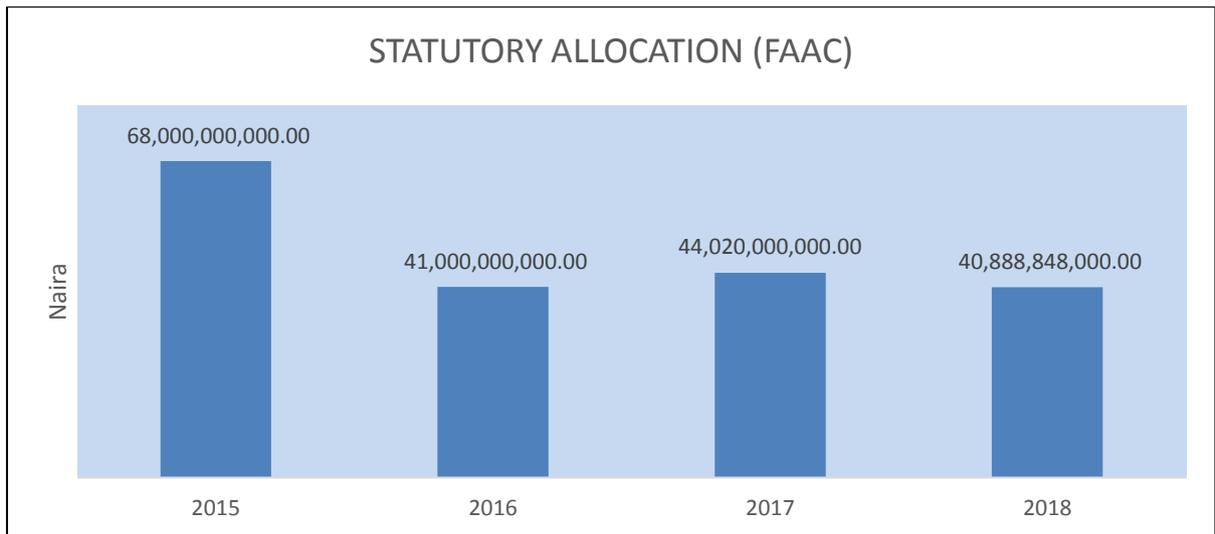
See page 1 for explanation on this.



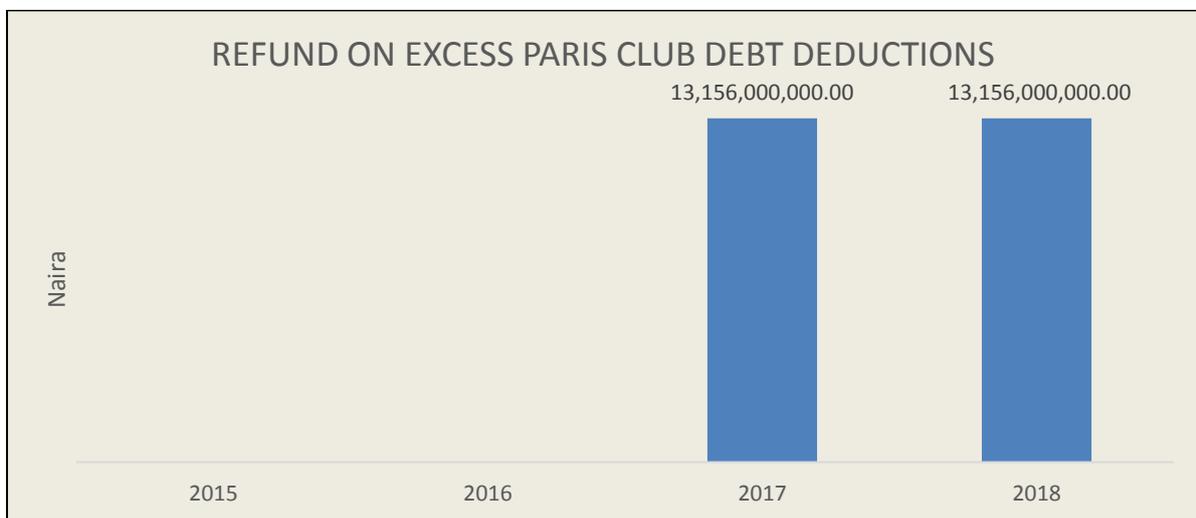
Excess Petroleum Profit Tax is a *tax* upon *profits* from the winning of *Petroleum* in Nigeria, to provide for the assessment and collection thereof and for purposes connected therewith. There was no such income before 2017.



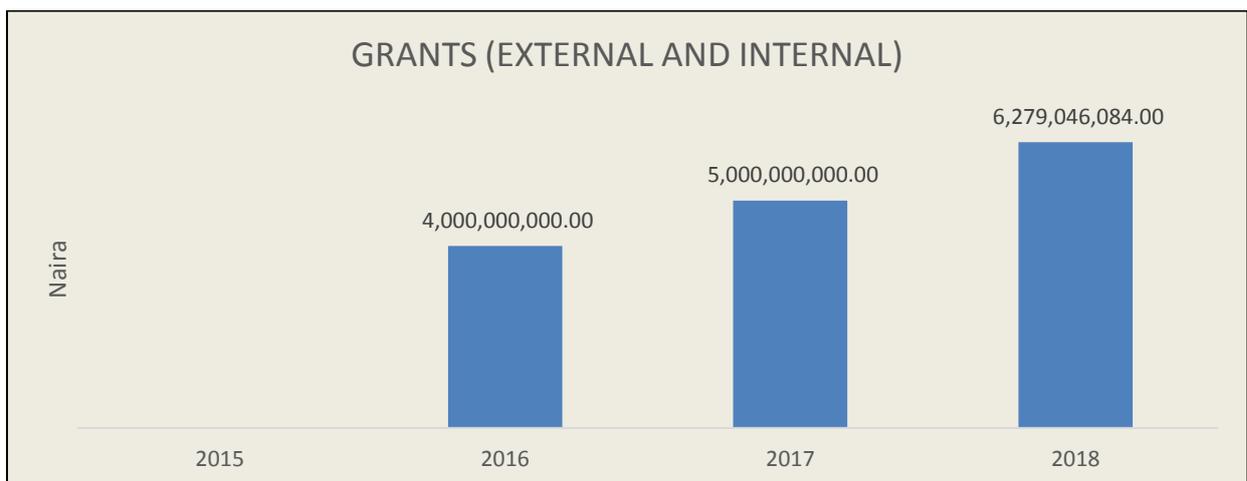
Refunds on Federal Roads are the amount expected to be paid by the Federal Government for the rehabilitation of Federal Roads embarked upon by the State. This was not budgeted for in 2016 because it was clear state will not get refund from FG.



See page 1 for explanation on this.



Payment of Excess Paris Club Deductions to states started in 2017.



Grants are non-refundable funds given to the government to execute specific projects. Grants are not loans but gifts to government. No such grants in 2015.

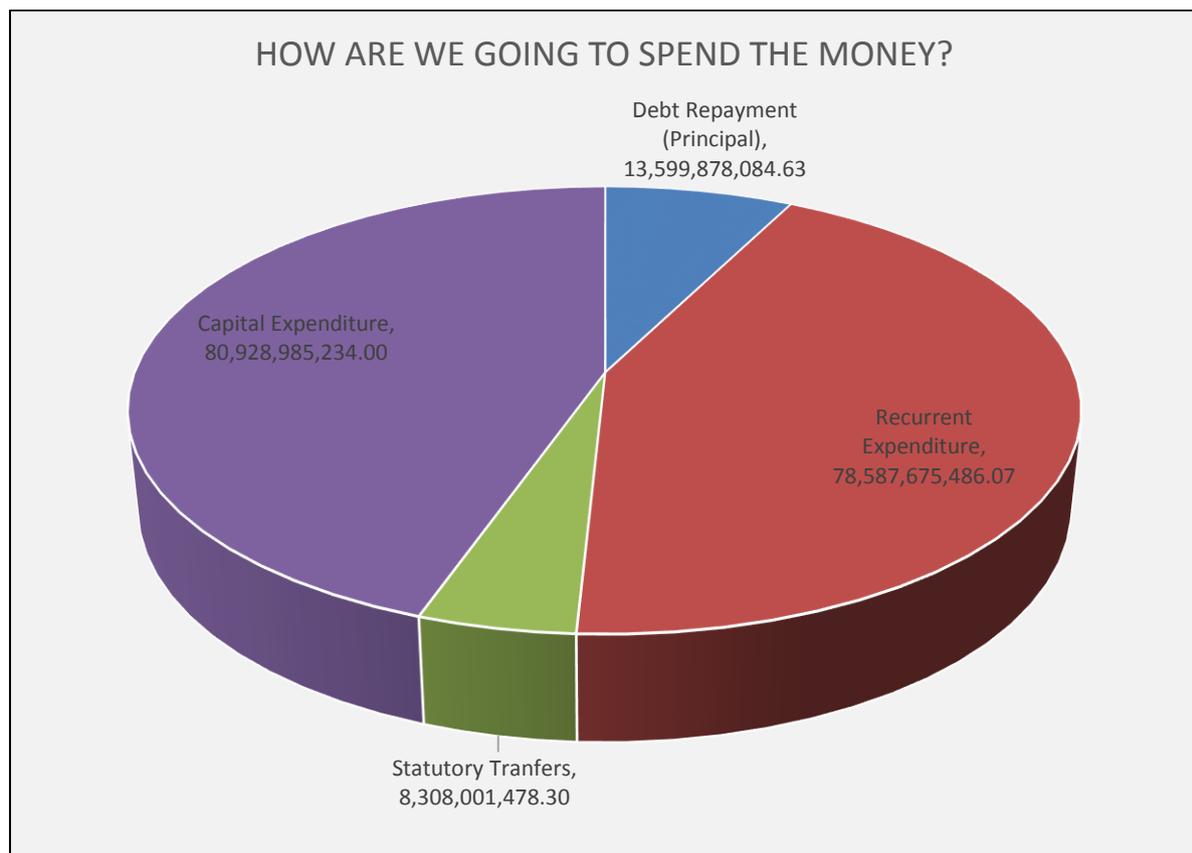
ON WHAT ARE WE GOING TO SPEND THE MONEY



SPENDING ALLOCATION

2018 expected Revenue would be spent as follows:

i.	Debt repayment (Principal)	-	₦13, 599,878,084.00
ii.	Statutory Transfers:		
	OSOPADEC	-	6,214,636,800.00
	10% IGR to JAAC Account	-	<u>2,093,364,678.30</u>
	Sub-Total	-	<u>8,308,001,478.30</u>
iii.	Recurrent estimates	-	78,587,675,486.07
iv.	Capital Expenditure Estimate	-	80,928,985,234.00



2018 Approved Budget is a deficit budget. Deficit budget is when government spends more than it earns.

EXTERNAL GRANTS
₦ 1,768,000,000.00
What will it be used for?

N793M



Provision of Potable Water

N725M



EU & UNICEF Programmes

N150M



Scholarship for Ondo State Students

N100M



Forest Preservation & Regeneration

INTERNAL GRANTS
N 4,511,046,084.00
What will it be used for?

N50M



Scholarship for Ondo State Students

N 1.29B



Upgrading of Primary Schools (SUBEB)

N2.6B



Home Grown School Feeding Programme

N600M



Inter-Governmental and Multi-Lateral Relation

CREDIT FROM DEVELOPMENT PARTNERS

N12, 748,434,783

Where will the money go?

N480M



Community Self-Help Project

N3.050B



Provision of Potable Water

N3.0B



Opening-up of Rural Roads

N762.8M



Youth in Agriculture:
Empowerment Programme

N900M



FADAMA III Farm Project

N3.56B



Provision of Primary Health Care
Services

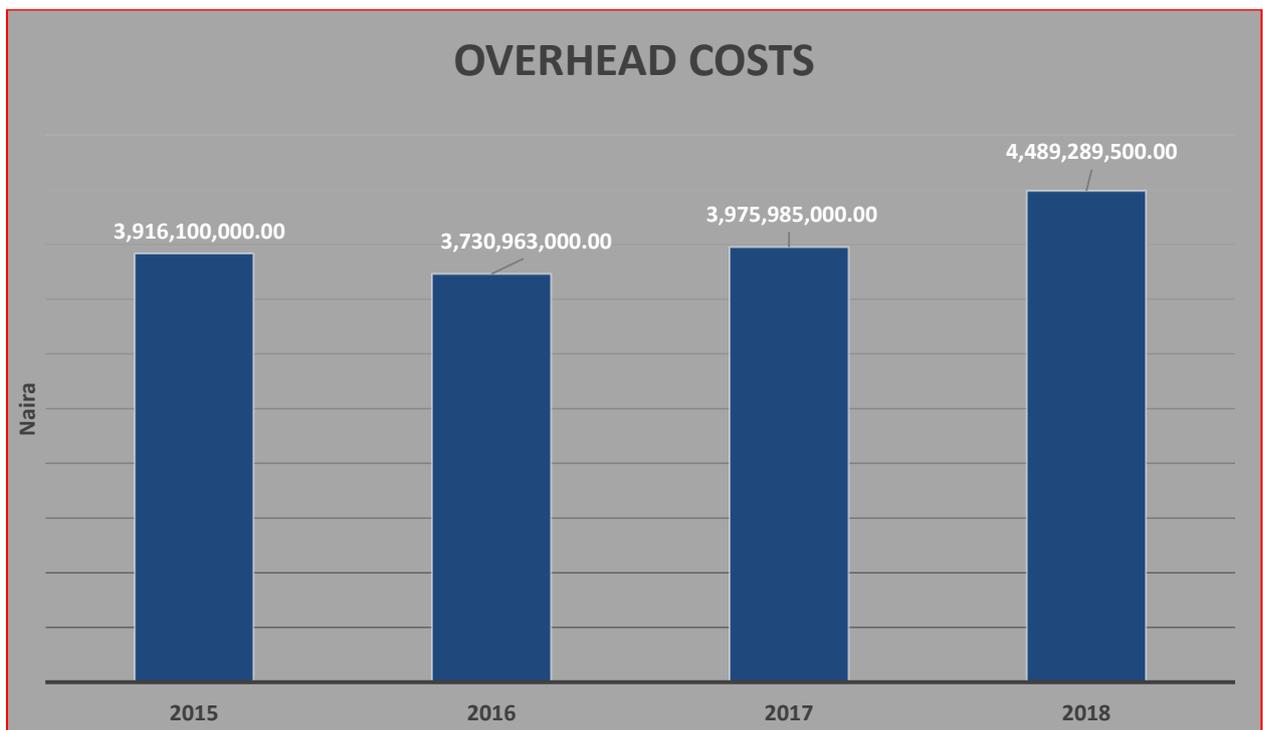
N1.0B



Environmental Protection and Erosion
Control



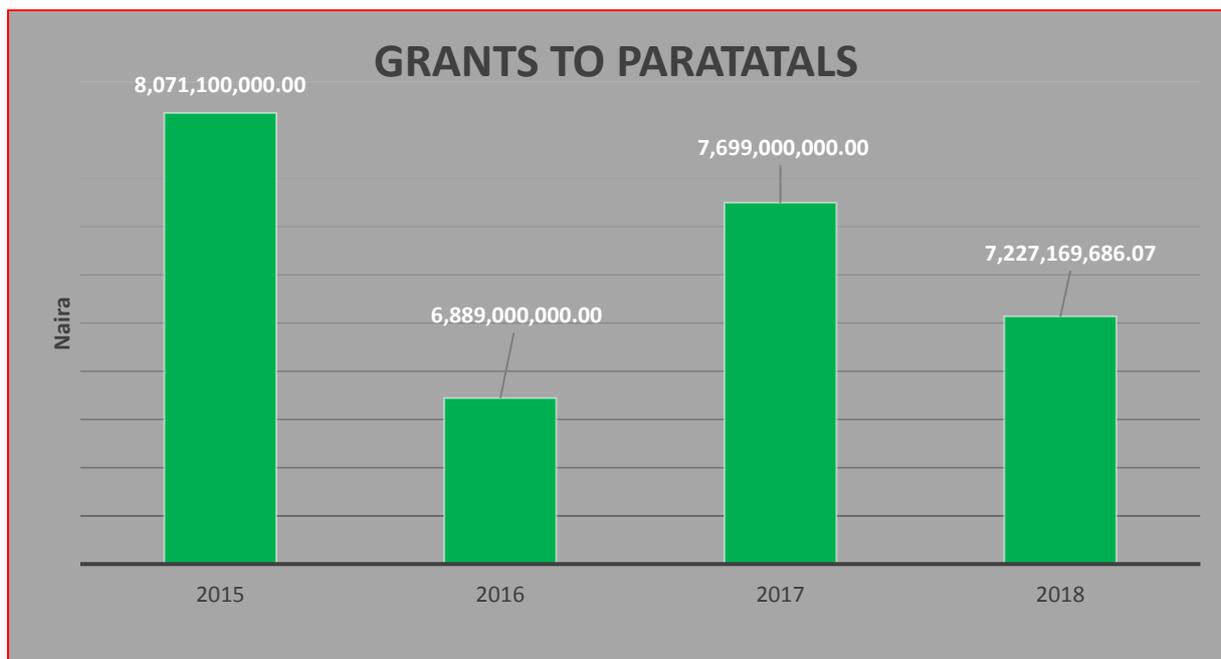
Personnel Costs are the amount used to pay workers' salaries, allowances and other benefits.



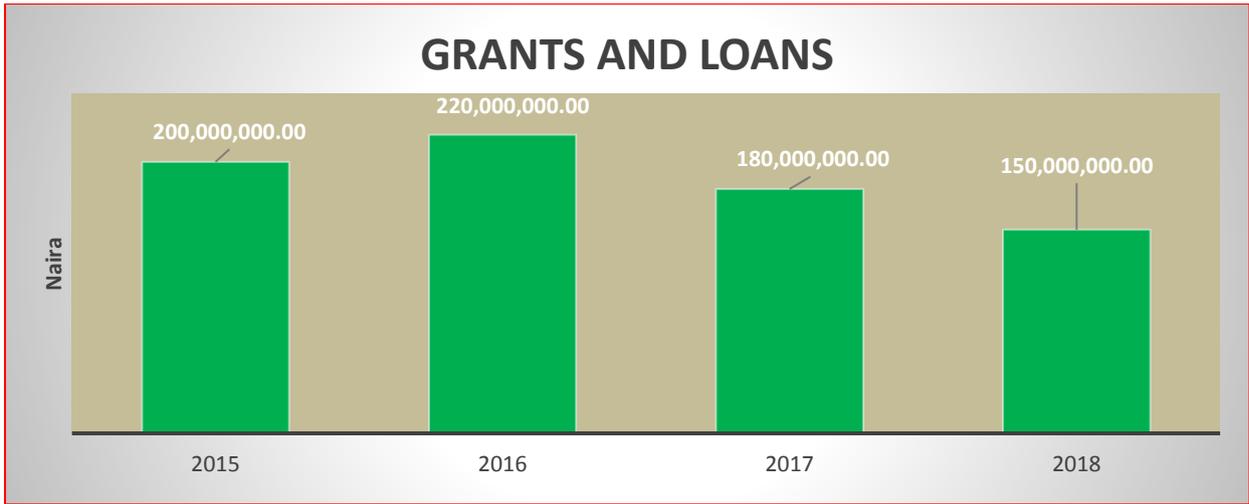
Overhead Costs are regular expenses to run government activities and programs. They are not paid directly to government workers. Examples are: electricity bills, water bills, petrol or diesel bills to power generators, travelling expenses, etc.



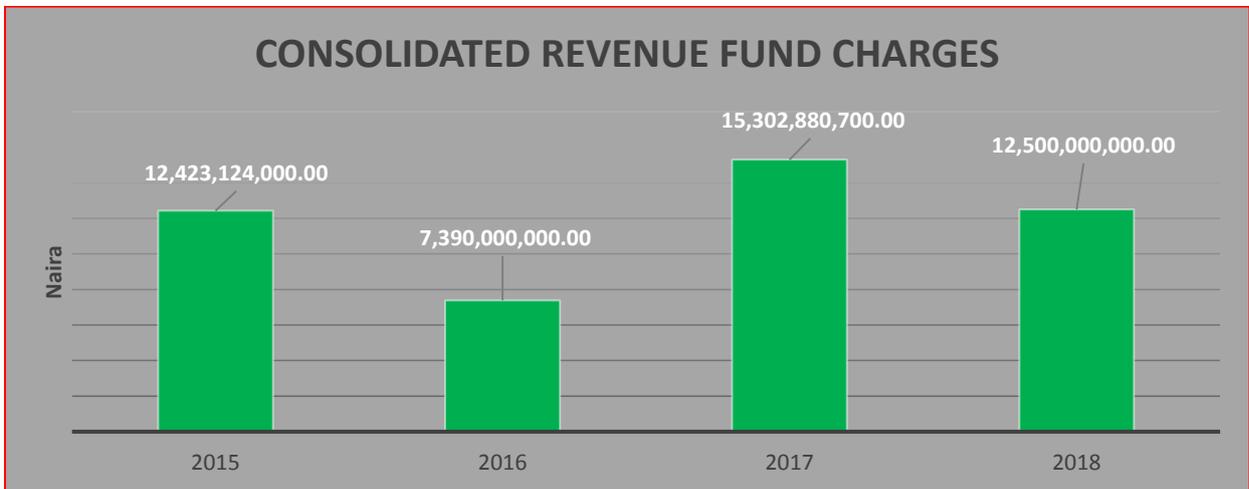
Special Programmes are expenses that are not capital in nature but do not occur on monthly basis. Examples are sponsorship of sports programmes, women support programmes, Budget preparation and Allied Matters, Events Management, etc.



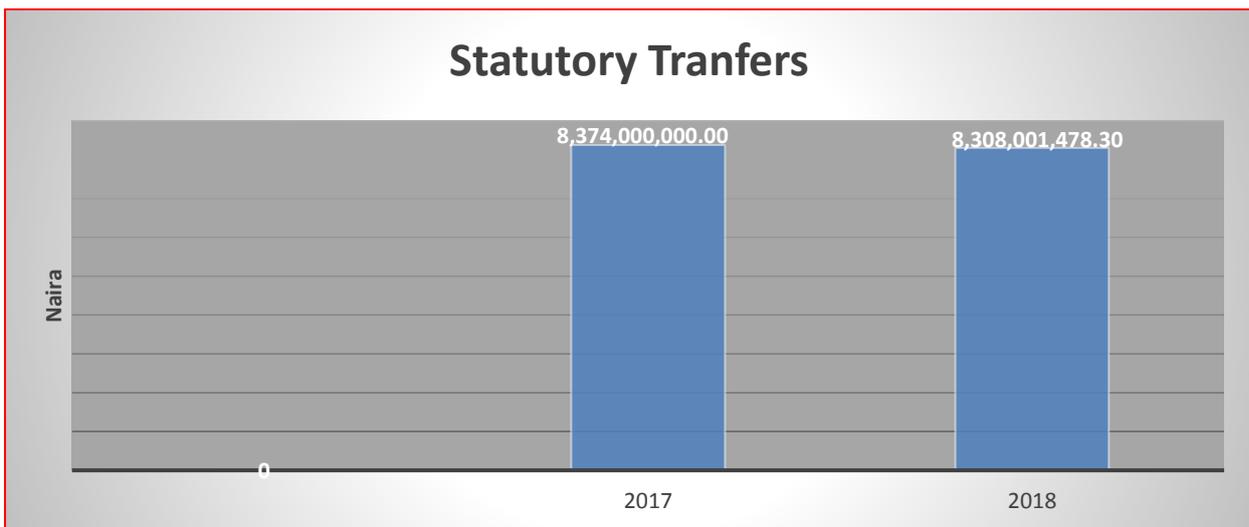
Grants to Parastatals are non-refundable funds given to government establishments to run their activities. Examples are funds given to tertiary institutions, etc.



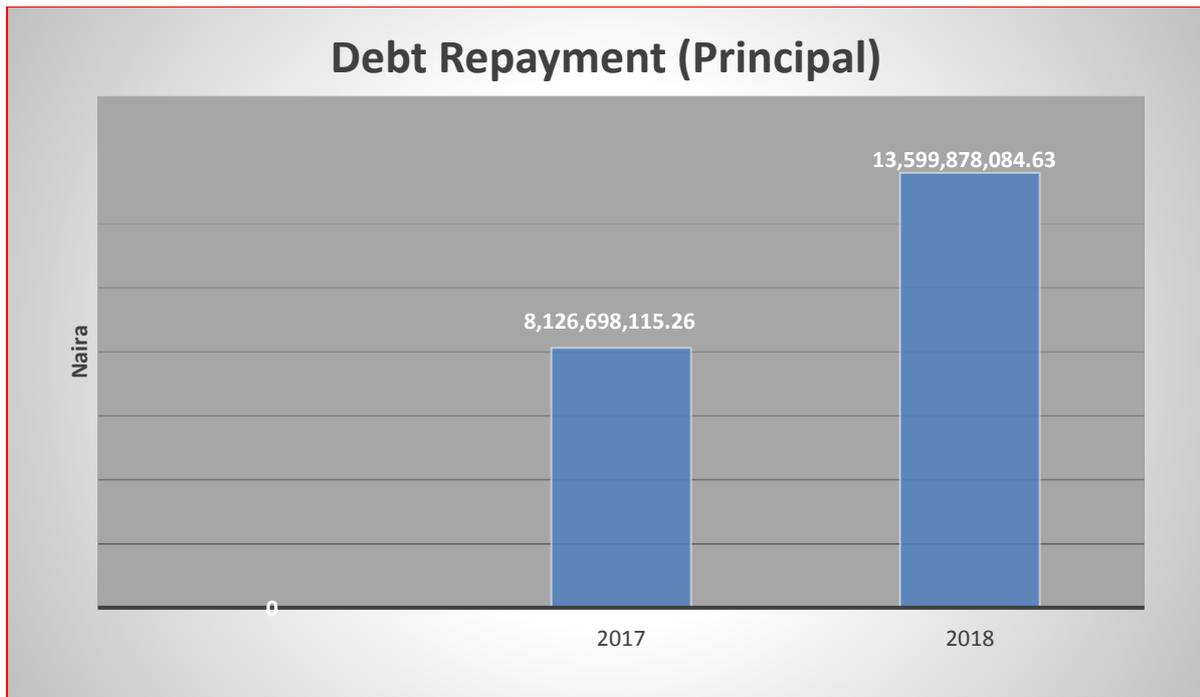
This is the fund given to Owena Press by the state government.



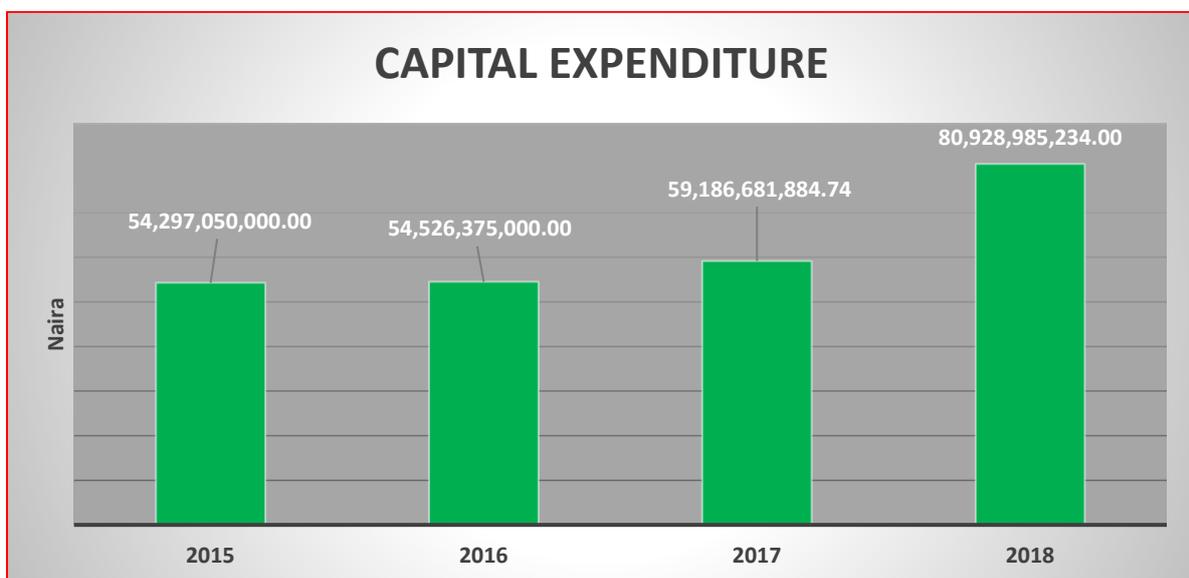
See page 1 for explanation on this.



Statutory Transfers are funds made mandatory by law to be given to some statutory bodies like OSOPADEC, Local Government, etc by the State. These transfers were captured under capital and consolidated revenue fund charges respectively before 2017.

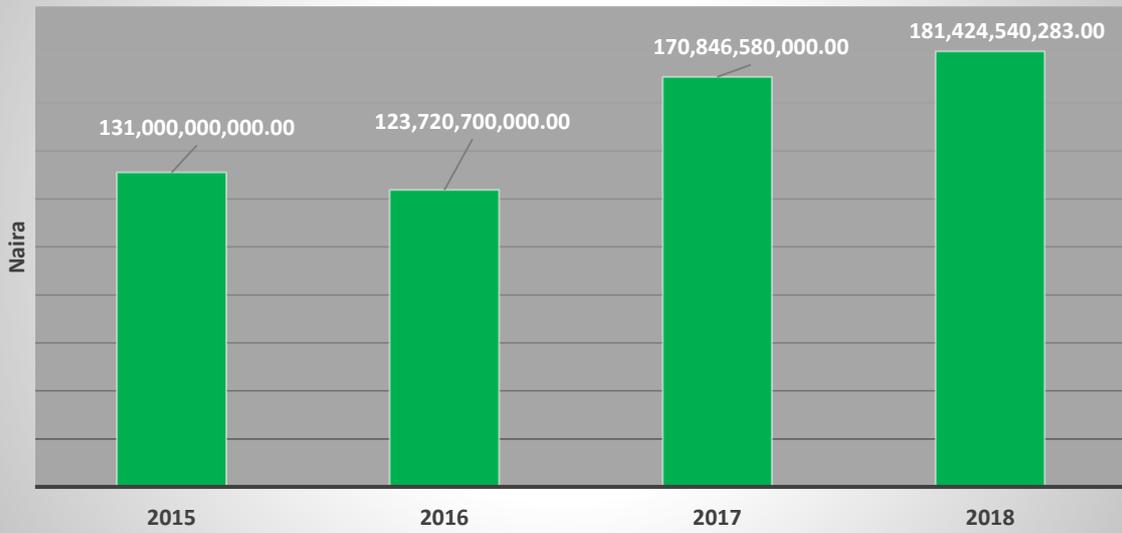


Note: The interest part of the Loans has been captured under Consolidated Revenue Fund Charges

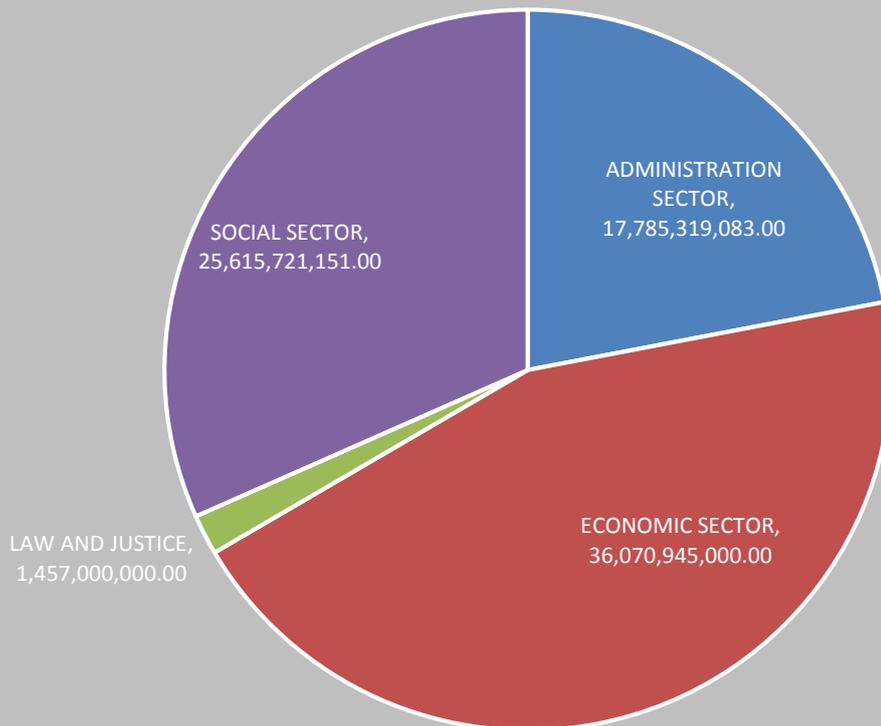


Capital Expenditure is part of government expenditure on fixed capital assets, land or intangible assets. It is the funds expended on projects like building of schools, hospitals, roads, security equipment etc. Capital Expenditure is otherwise called 'CAPEX'.

TOTAL BUDGET ESTIMATES FROM 2015 - 2018



IPSAS SECTORAL CAPITAL ALLOCATION



Total Capital Estimate 2018: N80,928,985,234.00

IPSAS Sectoral Capital Allocation is allocation of Capital Estimates into Sectors recognized by International Public Sector Accounting System (IPSAS).

Selected Capital Projects in the State

N4.427B



Provision of Potable Water

N3.2B



Opening up of Rural Roads

N9.583B



UBEC & SUBEB Contributions

N2.0B



Establishment of Cancer Treatment Center, Owo

N670M



Wealth Creation Activities

N14.781B



Construction/Rehabilitation of Roads

N1.5B



New Map Programme

N539M



Establishment/Management of Deep Sea Port

N4.202B



Nutrition for/Feeding of Pupils in Selected Primary Schools

N662.5M



Raising of 3 Million Cocoa Seedlings

N460M



Rural Community Projects (RUCOMP) and Confidence Building Projects

N1.635B



Investible Fund and Investment Promotion

N400M



33 KVA Double Circuit Power line

N4.0B



Construction of New Governor and Deputy Governor Lodge

N1.2B



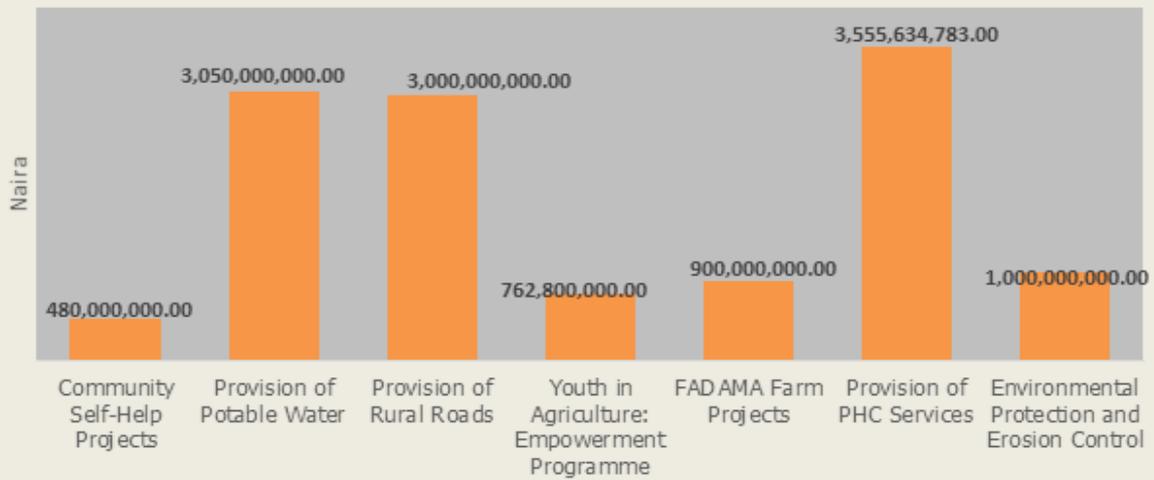
Counterpart Contribution - FGN Conditional Grant Scheme

N900M

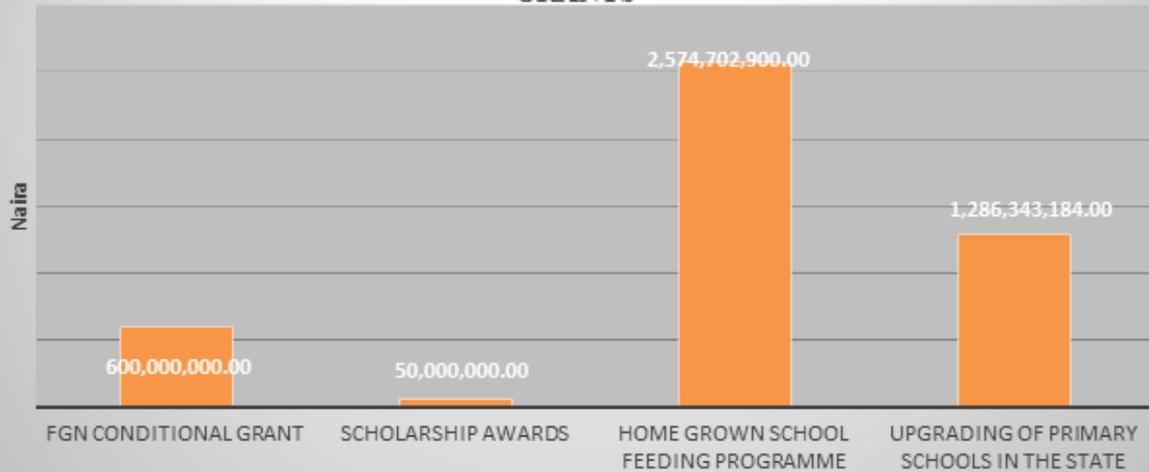


Fadama III Farming Programme

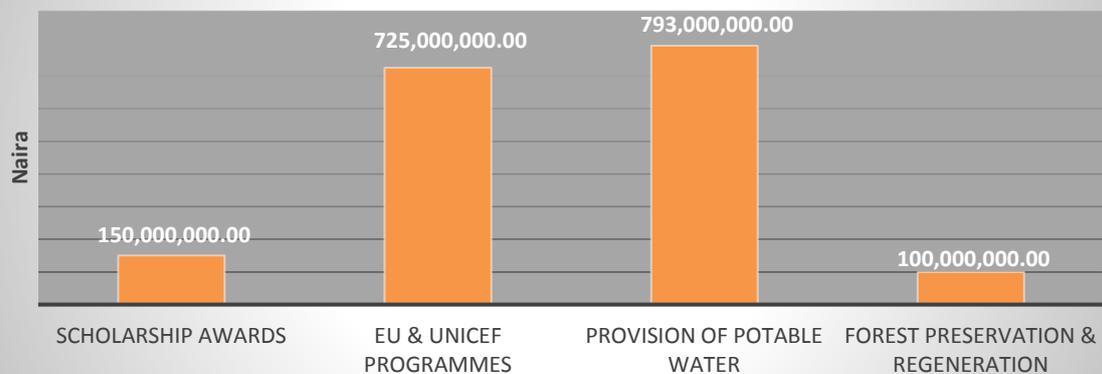
HIGHLIGHTS OF PROJECTS TO BE FINANCED BY EXTERNAL LOANS



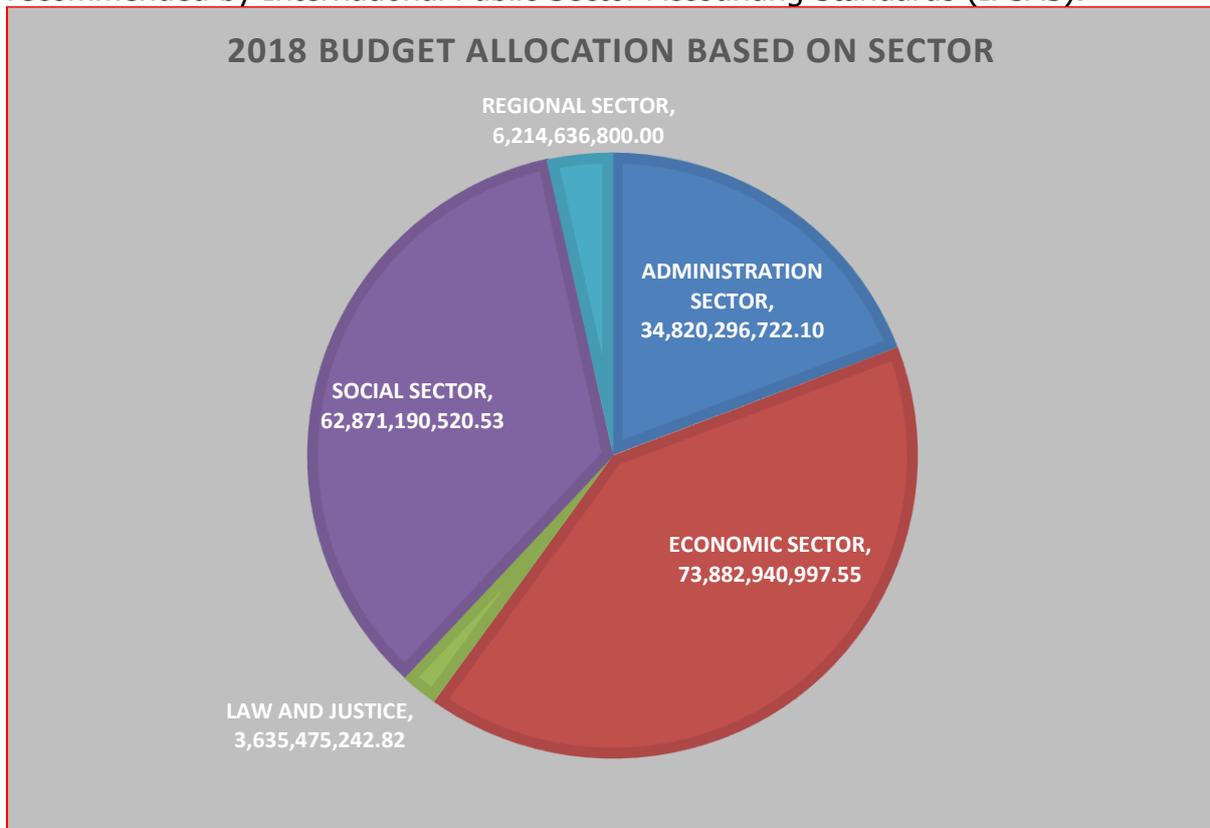
HIGHLIGHTS OF PROJECTS TO BE FINANCED BY INTERNAL GRANTS



HIGHLIGHTS OF PROJECTS TO BE FINANCED BY EXTERNAL GRANTS

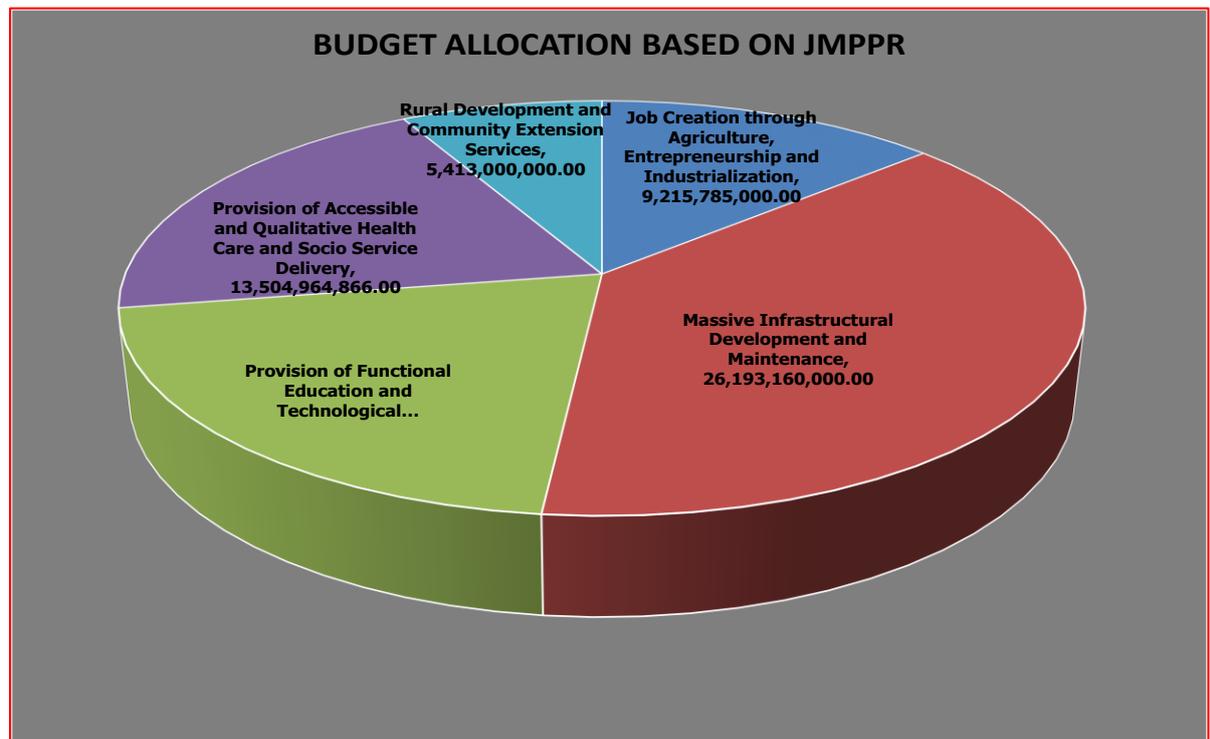


Sectoral Budget Allocation: This is the division of budget into five sectors recommended by International Public Sector Accounting Standards (IPSAS).



Total Budget for year 2018: ₦181, 424,540,283.00

Allocation of budget based on Government Policy



Total Other Programmes ₦12,429,489,000.00

**BEING AN ADDRESS DELIVERED BY THE GOVERNOR OF ONDO STATE,
ARAKUNRIN OLUWAROTIMI ODUNAYO AKEREDOLU, SAN, AT THE
OCCASION OF SIGNING INTO LAW OF THE APPROPRIATION BILL, 2018,
CONTRIBUTORY HEALTH COMMISSION BILL AND ONDO STATE SOCIAL
PROTECTION BILL PASSED BY THE STATE HOUSE OF ASSEMBLY, HELD AT
THE COCOA CONFERENCE HALL, GOVERNOR'S OFFICE, ALAGBAKA, AKURE,
ON TUESDAY 6TH FEBRUARY, 2018**

PROTOCOL

I feel highly honoured being called upon to perform this very important assignment of state. The fact that this occasion comes immediately after the Retreat on good governance, organized for all top government functionaries in the State, is instructive. It underscores the readiness of this Administration to deliver on its promises to the good people of our dear State, relying on the support of all arms of Government. Our people shall remain the central focus of all our actions in the discharge of our mandate.

Let me express our gratitude to the Speaker, all principal officers and members of the House of Assembly for the usual promptitude with which any matter presented to them is treated. As the representatives of the people, we expect no less dedication to service in the interest of those we serve. The people of our dear State have been short-changed for so long.

The bills which have been passed awaiting assent attest eloquently to the patriotism of the honourable members. Posterity will surely remember this patriotic act.

I am invited to give Assent to the Appropriation Bill, 2018, Contributory Health Commission Bill, 2018 and the Ondo State Social Protection Bill, 2018. Let me state that I shall append my signature to the documents with palpable excitement and enthusiasm. But you will permit me to pass a few comments on the importance of these Bills and why this Administration believes that the anticipated laws, if properly implemented, will advance the course of development in our State. The mass of our people, especially those who are not in the public service, stand to derive immense benefits from their application.

Our problem as a people does not necessarily lie in the absence of laws. We must be concerned with the situation which compels us to grapple with basic issues of existence amidst the plenitude of statutory provisions well-conceived to address

challenges. Our ability to apply laws to implement policies will quicken the process of development. Laws themselves are useless if they fail to reflect the peculiar challenges encountered by a society. They become instruments of social engineering only if their application engenders the desired results.

Their manipulation to achieve parochial ends defeats the purpose which justifies their existence. Constant use and review should be discernible in the living conditions of the people. Enactment, amendment and repeal of a statute must be in consonance with the quest to improve the lot of the people. The law must reflect the collective aspirations of the people. The utilitarian value of any law should be gleaned, easily, from its effect on the people. A law must not be deployed to disempower the people.

I shall be appending my signature, first to the Appropriation Bill, 2018. I must thank the Honourable members of the people's Assembly for scrutinizing the document, painstakingly, before passing same for assent. An especial mention must be made of the effort of the Chairman and members of the Finance and Appropriation Committee of the Ondo State House of Assembly who spared quality time to look into the minutest details of the document. I thank you on behalf of the people for being a part of this history.

The 2018 Budget presents a refreshing lease of opportunities for the Government to take governance to the people. The total budget passed is N181.424 Billion. Debt service will take an estimated sum of N13.600 Billion or 7.5%. Statutory Transfers to OSOPADEC and Local Governments is N8.307 Billion or 4.6%. The sum of N78.588 Billion or 43.3% is set aside for recurrent expenditure. Put simply, this amount will be expended on salaries, allowances and grants. This is still very much on the high side considering the state of our development.

Our Administration, Mr. Speaker, distinguished representatives of the people, the Acting Chairman of the All Progressive Congress, government functionaries, civil servants, imbued with the knowledge of the impossibility of development in a polity which fritters all its earnings on recurrent expenditure, has taken a bold step to reduce, progressively, this unfortunate situation.

We intend to concentrate more on capital expenditure to abridge the huge infrastructural deficit in our State. Consequently, the capital expenditure for the 2018 fiscal year stands at N80.929 Billion or 46% of the total Budget. There is a remarkable leap in projection considering our aspiration for real development. This is the only realistic means of bringing governance to the majority of our people who are not employed by the Government.

This Administration is acutely aware of the dire challenges to the realization of the set objectives, occasioned by paucity of funds. We are, however, resolute in our determination to improve our fiscal circumstances, significantly, through an aggressive regime of revenue mobilization and generation. It is our desire to block loop holes exploited, routinely, by unscrupulous elements in the system. We shall reward diligence not in abstract terms. Stiff and swift sanctions, however, await anyone, either a civil servant or political appointee, who may choose to test our Will.

We shall expand our tax base to capture virtually everyone in the State. We will continue to educate our citizens on the significance of paying tax to the state. All those who own businesses must pay taxes commensurate to their concerns. Every adult within the tax bracket must be ready to pay tax in one form or the other. This is the only way out of the current socio-economic problems confronting the State.

Distinguished audience, let me also speak briefly on the other Bills which will become laws in Ondo State today. The Contributory Health Commission Bill, which will have the backing of law in a moment, is novel in the State. Its faithful implementation seeks to achieve these objectives:

- i. Ensure that every resident of Ondo State has access to good health care services.
- ii. Ensure that all residents of Ondo State have financial protection, physical access to quality and affordable health care services.
- iii. Protect families from the financial hardship posed by huge medical bills.
- iv. Regulate the rise in the cost of health care services.
- v. Ensure that the poor and vulnerable shall be guaranteed the basic minimum packages as defined under the National Health Act.

- vi. Ensure equitable distribution of health care costs across different income groups.
- vii. Maintain high standard of health care delivery services within the Health Sector.
- viii. Ensuring Efficiency in health care service delivery.
- ix. Improve and harness private sector participation in the provision of health care services.
- x. Ensure appropriate patronage at all levels of the health care delivery system.
- xi. Ensure the availability of alternate sources of funding to the health sector for improved services.

A careful reading of these intendments will reveal the thrust of the drafters of the Bill. The people remain at the centre of all considerations. The issue of equity and justice is brought to the fore. To make this realizable, the establishment of a Commission is contemplated. This will be done with utmost seriousness.

The last part of my assignment this morning is the signing into law the Ondo State Social Protection Law. I dare say, ladies and gentlemen, that this Bill presents the very reasons why there should be a government. The objectives, as set out in the Bill, encapsulate issues of welfare of citizens which is the primary responsibility of the government. There shall be a Council which will regulate the activities of the Social Protection Programme.

On our part, we will continue to make the well-being of our people the commanding principle upon which all activities are laid. We are happy to note that we have dedicated public servants who are ready for this onerous task. We will equally enjoin all political appointees to be conscious of the verdict of history.

On this final note, Mr. Speaker, other distinguished members here present, I proceed, enthusiastically, to put my imprint, confidently, on these documents to the glory of the Almighty and benefit of mankind.

I thank you for your patience and look forward, most eagerly, for your usual cooperation.