

TRUST, CONFIDENCE AND CREDIBILITY BUDGET

ADDRESS BY

GOVERNOR SAMUEL ORTOM

AT THE

**PRESENTATION OF THE 2016 BUDGET
APPROPRIATION BILL**

**AT THE BENUE STATE HOUSE OF ASSEMBLY
COMPLEX ON THURSDAY 31st DECEMBER, 2016.**

It is with a deep sense of responsibility and gratitude to God Almighty that I stand before you today to fulfill the constitutional obligation to present to you the 2016 budget estimates for your consideration and appropriation. This will be the first of several visits to perform such a function in the years ahead and we give God the glory and appreciate the Benue electorate for giving us the opportunity. Let me also appreciate the Benue State House of Assembly for the support and partnership in the service to the people of the state, even as you host me today.

I am delighted to perform this constitutional responsibility today because it marks a major milestone in our journey towards fulfilling our electoral promises to our people. This, we believe, will make Benue State a better place to live in. The proposed 2016 budget estimates represent the desire of my government for a new

beginning and opportunity for growth and development. It is a plan that seeks to kick-start the process of diversification and the steering of our economy away from over reliance on a single source of income for survival. We wish to build trust, confidence and credibility between our administration and our people who popularly gave us their mandate on the platform of the All Progressives Congress, APC.

In the course of implementing this budget, we shall be faced with situations that require tough choices, I am however, confident that when that time comes, we will collectively make disciplined and deliberate choices that will further the course of Benue and her people. I believe strongly that with unity, confidence and determination, Benue will march steadily towards her destiny.

Moreso that our administration which is anchored on the fear of God seeks to promote core values that make peace and development inevitable. These include transparency, accountability, justice, fairness, integrity, discipline, selflessness, integration, forgiveness, restitution and reconciliation.

Our administration has zero tolerance for corruption and we have stated clearly that ours is a call to service. Those whose desire is to make quick money have been encouraged to get into the private sector to do business which with the conducive environment that we are creating will yield quick returns. Anyone caught diverting public funds for private purposes will certainly be sanctioned. We therefore solicit the support of the legislature and judiciary in this crusade.

You may also be aware that we have instituted commissions of inquiry to ascertain income and expenditure from June, 2007 to the end of May, 2015, as well as establish state government assets in the state and other locations across the country. The Justice Kpojime Commission of Inquiry was set up as a fact finding Commission to provide a platform for those accused of plundering our commonwealth to defend themselves as the people who gave us the mandate sought to know why the state was brought to the brink. They want those who looted their funds to be identified and made to return the loot. We are committed to executing their wish within the ambit of due process and the rule of law.

Mr. Speaker, Honourable Members, you are all very familiar with the narrative of the environment we met on ground on assumption of office. However, permit me to briefly remind us all of the bleak situation we met on assumption of office and what we have done as responsible leaders to restore confidence, hope and bring back smiles to the faces of millions of our people.

When we came in, we met a mismanaged and comatose economy characterized by deficit treasury and high debt profile, huge arrears of salaries and retirement benefits, dwindling income from the Federation Account, falling oil prices, volatile exchange rate and high unemployment. There was a general sense of hopelessness and inability of government to attend to the very basic necessities of life as enshrined in the Constitution.

As a first step to restore the confidence of our people in governance, we moved swiftly with your support, to kick-start the economy with payment of two months salaries. During my inaugural speech I identified insecurity as a major challenge and announced an amnesty program. I am happy to announce that the program has yielded positive results with the surrender of over 700 possessors of illegal weapons embracing it. Over 500 assorted weapons and thousands of ammunitions have been surrendered and we are still counting. Those who embraced the carrot approach have gone through a retreat and will be absorbed into a rehabilitation program that includes a return to school, skills acquisition and integration into intelligence gathering network. The program is targeted at creating a conducive environment to encourage investment into the state. Already, the conflict between farmers and herders has been minimized even as we are committed to continuing with the

amnesty program for which the sum of N 250 million has been budgeted in 2016. We quickly started the renovation of structures at School of Nursing and Midwifery, Makurdi preparatory to reaccreditation which it had lost for three years. The completion of the Assembly Complex is on-going. We made provision to cover the initial cost of take-off of the new administration including provision for counterpart funding obligations. Today, Mr. Speaker, the taps are running again in Otukpo and Katsina-Ala, the renovation of the School of Nursing and Midwifery is about to be completed while work is on-going on the Daudu-Gbajimba road and Yam Flour Mill at Katsina-Ala while the process of handing over the Wannune Tomato and Mango Processing Plant to a core investor is at an advanced stage. The College of Health Sciences has also successfully graduated the first set of Medical Doctors because of our efforts in securing accreditation for the institution.

Recall that the students had spent 12 years before our intervention. We have also obtained the commitment of our Development Partners who were leaving the state in droves to remain and participate actively in our development programmes because of the provision that we made in meeting our obligations to the funding framework for continued support.

Mr. Speaker, Honourable Members, you will agree with me that in Benue State, the civil service is the backbone of most families and of the economy. Hence, in order to steer the economy away from further recession, we needed to put money in the hands of the civil servants that had accumulated for several months. Consequently, I approached the Honourable House and the House granted approval to enable us key into the funding window provided by the Federal

Government through the Central Bank of Nigeria (CBN) specifically for payment of salaries. The CBN approved only part of our N69 billion application which we made to clear salary, gratuity and pension arrears and released N12, 503,000,000.00 and N15, 509,000,000.00 for only salary arrears for state and local government civil servants respectively. These releases have since been accessed and payments of arrears of salaries to state civil servants has been completed at the state level while that of the local government is 85% completed. The introduction of new payment platform by the local government administration to engender accountability and transparency delayed the early completion of the payment to local government civil servants. Let me use this opportunity therefore to thank His Excellency, President Muhammadu Buhari, GCFR, for his vision and leadership in providing that intervention to reduce the suffering of civil servants

in Benue State and also to add that we look forward to Mr. President's similar intervention in the plight of our pensioners. Perhaps it might be necessary to state that the N28 billion accessed is not a grant but a loan that would be paid over a twenty year period hence the need for its prudent and judicious utilisation.

REVIEW OF THE 2015 BUDGET

Mr. Speaker, you are already aware that the 2015 budget was proposed by my predecessor, appropriated by the Seventh Assembly and half way into implementation. However, on assumption of office, I proposed to the House and got approval for a supplementary budget of **twelve billion, nine hundred and forty million, three hundred and fifty thousand, five hundred and eleven naira fifty kobo (N12,940,350,511.50)** only to enable us attend to urgent needs of governance.

This development brought the total aggregate revenue estimate for the 2015 budget to the sum of **one hundred and ten billion, eight hundred and ninety-two million, four hundred and seventy-six thousand, eight hundred and fifteen naira (N110,892,476,815.00)** only. This figure is made up of **sixty-three billion, two hundred and thirty-five million, five hundred and ninety-nine thousand, eight hundred and fifty-three naira (N63,235,599,853.00)** only as our share of statutory allocation, **nine billion, three hundred and forty-seven million naira (N9,347,000,000.00)** only as internally generated revenue (IGR) and **twenty-five billion, three hundred and sixty-nine million, five hundred and twenty six thousand, four hundred and fifty naira (N25,369,526,450.00)** only from other receipts.

This total sum was appropriated into recurrent expenditure of **fifty-nine billion and seventy-five million, one hundred and seventy thousand, two hundred and eighty naira (N59,075,170,280.00)** only and capital expenditure of **thirty-eight billion, eight hundred and seventy-six million, nine hundred and fifty-six thousand, twenty-three naira (N38,876,956,023.00)** only respectively.

There was however, the need for additional supplementation to take care of provision for bailout on salaries, critical infrastructure and agricultural development as offered by the Federal Government to support state economy across the country. Accordingly, I have laid before the Honourable House, a supplementary request of **twenty-four billion, five hundred and three million, four hundred and thirty-nine thousand seven hundred and eighty-seven naira,**

twenty-eight kobo (N24,503,439,787.28) for consideration and appropriation. This will bring the 2015 budget of Benue State Government to a total of **one hundred and thirty-five billion, three hundred and ninety-five million, nine hundred and sixteen thousand, six hundred and two naira (N135,395,916,602.00)** only.

PERFORMANCE OF REVENUE RECEIPTS IN 2015

Due to the earlier mentioned challenges, the revenue projection for 2015 budget performed poorly. The total revenue collected was **sixty-nine billion, four hundred and forty-seven million, eighty thousand, six hundred and forty-nine naira ninety kobo (N69,447,080,649.90)**. Out of this amount, our total actual collection from Federation Account as at 31st December, 2015 is

thirty-six billion, two hundred and sixty-seven million, seven hundred and eighty-eight thousand, three hundred and twelve naira, twenty-six kobo (N36,267,788,312.26) only representing 57.35% of our revenue projection from this source for 2015 and **eleven billion, five hundred and forty-eight million, three hundred and fifty-six thousand, five hundred and fifty-eight naira, eighty-one kobo (N11,548,356,558.81)** only from other sources. A total deficit financing of **forty-five billion, two hundred and thirteen million, three hundred and sixteen thousand, seven hundred and forty-nine naira (N45,213,316,749.00)** only is now provided to finance the budget during the year including the bailout, infrastructure and agriculture value chain development funds offered by the Federal Government through the CBN.

THE PROPOSED 2016 BUDGET ESTIMATES

Mr. Speaker, the implementation of the 2016 Budget will be shaped by the trust our people have in this government and our Trust in God; the confidence we have in ourselves to deliver quality services for our people and our credibility as leaders to do the right thing at all times in the interest of the people of the State. The 2016 Budget is therefore christened as **“The Budget of Trust, Confidence and Credibility”**.

Objectives of the Fiscal Year 2016 Budget

The fundamental and general objective for the 2016 is inclusive development as adequately encapsulated in the Five Pillars of **“Our Collective Vision for a New Benue”**. To achieve this, the present administration will continue on the path of

transparency, accountability, equity, fairness, integration, rule of law, selflessness and service delivery in 2016.

Key Assumptions of Fiscal Year 2016 Budget

My administration in considering the expenditure profile of Government in 2016 has made the following assumptions as a guide towards the preparation and eventual implementation of the budget:

- The revenue sharing formula would remain unchanged with respect to the Federation Account and Value Added Tax
- There would be continued institutional strengthening of internally generated revenue collection in the State in collaboration with Local Governments with adequate

recognition for Tax Clearance Certificates as instrument of compliance for accessing public services

- Full application of technology to achieve total blockage of all leakages in internal revenue generation by MDAs
- Stability in political and economic operating environment
- Economic development policies anchored on our comparative advantages in agriculture, solid minerals, culture and tourism as the fulcrum for industrialization will receive the support and encouragement of all our people

- Full implementation of the International Public Sector Accounting Standards (IPSAS) to make our accounting system more transparent and accountable to our people.
- **Adoption of \$38 dollar benchmark estimated by the Federal Government.**

PROPOSED 2016 REVENUE ESTIMATES

After noting the above assumptions and taking into consideration the 2015 revenue performance of *Seventy-five Billion, three Hundred and eleven Million, seven Hundred and forty-six Thousand, six Hundred and thirty-one Naira, fifty-nine Kobo (₦75,311,746,631.59) Only*, my administration in-line with our commitment to fiscal responsibility and budget discipline hereby proposes a total sum of *one hundred and thirty-three*

Billion, three Hundred and ninety-four Million, ninety-two Thousand and six Hundred and ten Naira (₦133,394,92,610.00)

Only as estimated total revenue from all sources in fiscal year 2016.

Mr. Speaker, you will rightly observe that this amount is slightly lower than the aggregate appropriation for 2015. We chose not to be intimidated by the economic dynamics of the moment as we believe strongly that with the momentum we have built up, our non-oil receipts will perform better than what was achieved in 2015. Similarly, with the reform we have carried out at the Benue State Internal Revenue Service (BIRS) and application of technology solution, we are confident in bringing into the tax net substantial tax payers who before now were evading tax. We also expect that based on our strategy to increase commercial activities in the state, other income sources will become available to the state.

PROPOSED 2016 BUDGET EXPENDITURE PROJECTION

The projected aggregate expenditure for fiscal year 2016 is *one hundred and thirty-three Billion, three Hundred and ninety-four Million, ninety-two Thousand and six Hundred and ten Naira (N133,394,092,610.00) Only*. This figure represents a marginal decrease over 2015 approved budget of 1.48%.

PROPOSED RECURRENT EXPENDITURE

Mr. Speaker, Honourable Members, for this fiscal year 2016, we are proposing a total of *Sixty-five Billion, nine Hundred and sixty-one Million, nine Hundred and ninety-six Thousand, and*

four Hundred and seventy Naira (₦ 65,961,996,470.00) only as recurrent expenditure. This figure represents 49.45% of the total budget estimates for 2016.

PROPOSED CAPITAL EXPENDITURE.

The total projected capital expenditure for the fiscal year 2016 is **sixty-seven billion, four Hundred and thirty-two Million, ninety-six Thousand, one Hundred and forty Naira (₦67,432,096,140.00) only** representing 50.55% of the total budget for fiscal year 2016. We have consciously and deliberately made provision within this amount for on-going projects in the state. We have also carefully selected capital projects that are required for execution to enable us create the needed base for diversification of

the economy in-line with the Blueprint “Our Collective Vision for a New Benue”.

EXPECTED CHALLENGES OF FISCAL YEAR 2016 BUDGET

The 2016 Budget may be subjected to the following challenges:

- a) Ensuring adequate revenue inflows in the face of dwindling federation account receipts;
- b) Low commercial activities occasioned by liquidity squeeze;
- c) Rising cost of running government;

- d) Funding of all capital projects and Government contractual obligations.
- e) Increasing government debt stock;
- f) Communal disputes and security challenges.

To overcome these challenges, Mr. Speaker it is critical that we come together as one people irrespective of party affiliation and develop the entire state as a priority taking into cognisance our area of comparative advantage. To do otherwise is to continue to wallow in poverty, diseases, hunger and underdevelopment.

PROPOSED SECTOR BY SECTOR ALLOCATION

The proposed 2016 budget estimates has made provision for Ministries, Departments and Agencies (MDAs) in compliance with the template of International Public Sector Accounting Standards (IPSAS). We have however, collapsed these MDAs into sectors for purposes of analysis and in compliance with accounting guideline. These sectoral provisions are as below:

Sectoral Allocation

S/NO	SECTOR	AMOUNT (N)	PERCENTAGE
1.	Administration	21,963,948,200	16.47
2.	Economic	58,382,304,240	43.77
3.	Law and Justice	2,969,111,800	2.23
4.	Regional	753,900,000	0.56
5.	Social	49,324,828,370	36.97
Total		133,394,092,610	100

ADMINISTRATIVE SECTOR

This sector has a total budget figure of **twenty-one billion, nine hundred and sixty-three million, nine hundred and forty-eight thousand, two hundred naira (N21,963,948,200.00) only representing 16.47%** of the proposed budget estimates.

To promote welfare of civil servants, this administration will embark on Owner Occupier Housing Scheme using mortgage financing. This will ensure that many civil servants own their own houses before retirement from service. Ownership of a house by a civil servant prepares him or her for retirement better than when he or she retires and starts looking for an apartment to rent and stay with the family.

The protracted problem of pension will be carefully examined with a view to finding a lasting solution. Government now owes retirees at state and local government levels large amount of pension arrears. My administration is embarking on pension reforms. The national pension law will be domesticated in Benue state. A Pension Reform Committee will be put in place to advice government on fast way of clearing our huge pension and gratuity arrears. Our goal is to put in place a very sustainable pension policy. A good pension policy allows civil servants access to their pensions as soon as they retire from service.

ECONOMIC SECTOR

Mr. Speaker, as you are aware, economic development is impossible without adequate infrastructure and full support and

attention to the productive sector, consequently, we have made conscious efforts to ensure that this sub-sector receives the attention it deserves. We propose to massively upgrade existing road network while at the same time opening up the rural areas with access roads for free movement of goods and people. We have therefore proposed to spend a total of **N19.2 billion** on both urban and rural roads and electrification in 2016 budget estimates. We have also prioritised agriculture with emphasis on farm mechanisation, land development, rehabilitation of Agro-service Centres and Colleges of Agriculture. This is in line with our key pillar of agriculture driven industrialisation with a view to generate wealth as well as providing employment for our teeming youth. In the Economic Sector, agriculture is proposed to receive **N6.2 billion** as against the paltry sum of **N725 million** in the 2015 approved budget. On the whole, an aggregate sum of **fifty-eight billion, three hundred and**

eighty-two million, three hundred and four thousand, two hundred and forty naira (N58,382,304,240.00) only representing 43.77% is proposed for the Economic Sector.

Benue state remains the food basket of the nation and we can only make every effort to ensure that the food basket of every citizen of Benue is full. In view of this, government is encouraging all public and civil servants in Benue state to own farms and gardens. Government will provide incentives to ensure that farming is not drudgery but actually an enjoyable vocation. I direct the Ministries of Education, Agriculture and Environment to collaborate and ensure that every student in Benue state plants one economic tree each year. When this is faithfully carried out, Benue will have at least 800, 000 additional economic trees by students beginning from 2016. Moreover, our objectives in this sector include the encouragement of micro, small and medium scale

enterprises, commercial and investment activities that would create massive jobs, wealth and opportunities.

LAW AND JUSTICE SECTOR

Mr. Speaker, honourable members, our administration is committed to maintaining law and order. We will continue to work within the confines of the rule of law. We will respect all laid down rules and procedures. We will ensure that Justice, equity and fairness guide our decisions and actions. A total of **two billion, four hundred and forty-three million four hundred and fifty-four thousand, seven hundred and thirty naira (N2,443,454,730.00)** has been budgeted for the Judiciary and **five hundred and twenty-five million, six hundred and fifty-seven thousand and seventy naira (N525,657,070.00)** only for the Ministry of Justice.

REGIONAL SECTOR

It is my desire that the land mass of the state be secured, particularly in arrears prone to communal clashes. Also within the year, we will ensure the adoption of modern practices in land administration and management across the state. Consequently, I have proposed a provision of **seven hundred and fifty-three million, nine hundred thousand naira (N753,900,000.00)** only for consideration.

SOCIAL SECTOR

One of the pillars of our administration is qualitative education. We have repeatedly said that this government will ensure that education is strong at the Tertiary level, stronger at the Secondary and Strongest at the Primary school levels. In 2016, we will unveil

an implementation strategy for a new vision for Education in Benue State. We will train 6000 secondary school teachers, and 10,000 primary school teachers. We will renovate and furnish at least 400 primary schools across the State and build new classrooms. Primary school pupils will no longer take lessons sitting on the floor. At least 44 secondary schools will also be renovated and furnished. The welfare of teachers will be improved and prioritised.

There is provision for infrastructural upgrading of College of Advanced and Professional Studies (CAPS) and Colleges of Education at Katsina-Ala and Oju. Benue State University remains our centre of excellence and will be adequately funded to train our human capital. BSU is state owned but must be made national in terms of staff and student recruitment.

Gender, women, youth, sports and people with disabilities feature prominently as a core pillar in my Blueprint. In 2016, a comprehensive gender policy will be prepared to appropriately address challenges of women, children and gender based violence in the state. Grants will be made available so that the civil society, churches, faith based organizations and women groups can access and complement our efforts at developing the state.

The Benue State Sports Council will be strengthened to scout and develop talents in all areas of sports which shall be used as a platform for youths engagement. We are also determined to establish the Benue Information Technology Development Agency, BITDA, and deploy ICT for youth empowerment and promotion of e-governance in the state. We shall also properly plan and engage youths in the annual cultural carnival beginning from 2016.

Health is wealth everywhere including in our dear state. Our administration recognizes the need for our people to have access to good health. We have already put the College of Health Sciences BSU in a sound position to train and graduate medical doctors. The Benue State University Teaching Hospital and Primary Health Care Development Agency will be funded to promote primary, secondary and tertiary medical and health services in the state.

In 2016, we shall spend the sum of **forty-nine billion, twenty-five million, seven hundred and forty-eight thousand, three hundred and seventy naira (N49,324,828,370.00)** only in the social sector to improve the standard of living of our citizens to promote social justice and inclusiveness of people with disabilities and other vulnerable groups.

FISCAL RISK MANAGEMENT

Mr. Speaker, Honourable Members, the outlook for national and global economy in 2016 is very cloudy as the International Monetary Fund (IMF) has already projected less than \$20.00 per barrel of crude oil for the year. This implies that we **must** as a matter of state policy begin to use what we have to achieve our development objectives. We shall not relent in our effort to strengthen the machinery for internal revenue generation in the state in 2016. We have already commenced this effort with the repositioning of BIRS.

We shall continue to take necessary steps to ensure that all provisions for counterpart funds are matched and utilised accordingly while applying prudent measures to government expenditure at all times.

CONCLUSION

In conclusion, Mr. Speaker, let me appreciate this Honourable House for your support and understanding in the last few months of this administration. You have indeed demonstrated that we are partners in progress, irrespective of party affiliation, and that with unity of purpose we can make our people proud by providing the basic necessities of life to justify the confidence and trust reposed in us to manage the commonwealth on their behalf.

On our part, going by the achievements of the last few months, we have proved that we are committed to serve our people and going forward, we shall count on your continued support and understanding to enable us deliver the dividends of democracy to our people.

Mr. Speaker, Honourable Members, it is on this note that I place before the Honourable House, the Benue State Government estimates for 2016 budget of trust, confidence and credibility with an aggregate expenditure projection of *one hundred and thirty-three Billion, three Hundred and ninety-four Million, ninety-two Thousand and six Hundred and ten Naira (₦133,394,092,610.00)* *Only to the Glory of God and benefit of our people.*

I thank you all for your attention.

God bless you!

God bless Benue State!!

God bless the Federal Republic of Nigeria!!!

In God we trust.