

BEING THE Y2013 BUDGET PRESENTATION OF HIS EXCELLENCY, THE GOVERNOR OF LAGOS STATE, MR. BABATUNDE RAJI FASHOLA (SAN), DELIVERED AT THE CHAMBERS OF THE LAGOS STATE HOUSE OF ASSEMBLY, ALAUSA ON WEDNESDAY, OCTOBER 31, 2012

It is with a lot of pleasure and with pride in my heart that I welcome you all once again to the Budget presentation for the year 2013.

I must thank all of you who have responded to the invitation by the Rt. Hon. Speaker and members of the State House of Assembly by honouring us with your presence at this very important annual event that helps us to chart the course of the future of our State.

On your behalf, I thank the Speaker, the Principal Officers and members of this flagship legislative house not only for being our hosts but also for the innovations they have introduced over the years that has certainly enriched the ceremonial, ambient and most importantly, the productive aspects our budgetary process.

When I presented the year 2012 budget proposals before this assembly last year, I indicated to you some of the challenges that we foresaw which we would need to overcome in order to achieve a successful implementation of the 2012 Budget.

I drew your attention to the depreciating trend of the value of the Naira against our reserve currency, the United States Dollar, from ₦118 to the US Dollars, in 2007 when I became Governor, to ₦160 to the United States Dollar in 2011. This was a 36% loss of value and purchasing power.

I also drew your attention to the high cost of funds represented by growing interest and borrowing rates, from about 10% in 2007 to 17% in 2011, which was an increase of 70%

Although we had recorded increases in the State's IGR, they did not increase by these percentage quantum.

As if these challenges were not enough, you are witnesses to the increases to the pump prices of petrol, the disruptions to our plans, and the consequential need to re-price all contracts and projects we had planned to implement in order to ensure that our plans remained realistic and responsive to the dynamics that suddenly changed.

In spite of these challenges, I am proud to say that with your support and co-operation, we have sailed courageously and remarkably against the wind in the implementation of our budget.

At the end of the 3rd Quarter Budget presentation, we achieved an aggregate budget implementation performance of 72% for the period January to September 2012.

The breakdowns have been presented in our quarterly briefings as 65% in Q1, 84% in Q2 and 65% in Q3.

What is instructive in the first and third quarters were the fact that we did not utilize our borrowing powers in those quarters as we did in the second quarter.

Our resources in the first and third quarters show clearly that we need more resources to deliver on your expectations and these resources will come not as a result of increases in taxes, but by getting more people who are not yet paying taxes to do so by playing their part and contribute to the commonwealth.

Unlike in some other jurisdictions, the problem is now the resource availability and not the capacity to utilize them; because we have planned and designed life changing infrastructure like roads,

bridges, hospitals, waterworks, waste treatment plant, schools, sports centres and power projects that now require money to finance.

Although we can and we intend to improve our budget performance in the 4th quarter, I am happy to say that our 72% aggregate performance has been most impactful on our State and our citizens.

Dreams have been fulfilled; jobs created, and hope remains alive as our people and our State march on in the journey of progress and national development.

I must say that one of the manifestations of the successful implementation of our budget is this legislative chamber in which we are gathered today. It was finally completed and put to use on the 31st day of May, 2012.

It is a model for the country and sub-region about the quality of investment we must dedicate to improve the all-important legislative process and entrench democracy.

But beyond the legislature and buildings, let me focus briefly on the areas where we have been most busy and report our progress and our challenges.

You will all re-call that earlier in the year, we hosted the 6th in the series of our biennial summit, the Ehingbeti Economic Summit 2012 where we presented our scorecard of the successful implementation of 109 resolutions out of 119 resolutions that we committed to at the 2010 Summit.

We also set a new course for aggressive economic growth, by dedicating our budget focus on Power, Agriculture & Agro Allied, Transportation and Housing.

From these four sectors, we conceived the acronym PATH, as our pathway to improving economic opportunities and creating prosperity and jobs in our State, while maintaining our commitment to other equally important sectors like education, the environment, healthcare, security, children and women issues, and of course safety and security.

I am pleased to present the summary of our results of progress in these sectors while being mindful of time, and the details of course will be developed when I present our 2000 days report of stewardship in the periodic 100 days accounting process that we have faithfully kept to.

In the area of power for example, we identified with the power sector reform plan of the Federal Government and assured you that while we could not directly intervene in terms of improving power supply to your houses until that process was completed, we will give support to private power by supporting with distribution equipment like transformers, and focus on delivering public power to support government facilities, reduce our demand on public power so that what we give up can be distributed to your homes.

We have in the fulfillment of that promise installed 21 (Twenty One) transformers across 24 (Twenty Four) communities within this budgetary year; through our Ministry of Rural Development, this is in addition to the 183 installed in 2011. The Ministry has also gotten my approval for additional 140 transformers to be installed in 40 Constituencies in the State.

In the area of public power where we had more control, we have lit up 32 streets and installed 1,163 poles in the budgetary year and the Lagos State Electricity Board, populated by our children have demonstrated what the young people of this State can do if they get the opportunity.

There are more streets to light up before the end of the year.

But this is not all. You will also re-call that we had commissioned the Lagos Independent Power Project to provide electricity to the Lagos General Hospital, Island Maternity, the Lagos High Court, the JIC Taylor Magistrate Court in Igboere and the State House in Marina.

While all these institutions now run on our self-generated power that is more reliable and 40% cheaper, our Electricity Board has extended the power supply to the Freedom Park, E-Learning Centre, City Hall and Simpson Street, Lagos all of which are now enjoying uninterrupted power supply and are in the process of extending it to Massey Children Hospital, Campos Stadium, the Lagos Island East Local Council Development Area, the Transfer Loading Station, Onikan Water-Works, Onikan Health Centre, Oba's Palace, 14 (Fourteen) schools and the Dolphin Water-Works to guarantee uninterrupted power and improved water supply.

This is a total area of 28km of lighting to come.

We are also close to completing the street lighting project on Ikorodu Road from Fadeyi to Ketu to improve safety and motoring, while the Alausa Power Project, and the Ikeja Power Project for LASUTH, the Police Area Command, the Ikeja High Court, the Old Secretariat, the Police Headquarters and some residential facilities are in the progressing states of procurement.

The first phase of our retrofitting project of Alausa Secretariat has been completed with the installation of 9,937 (Nine Thousand Nine Hundred and Thirty Seven) energy saving bulbs that is already reducing energy consumption by **7,120 kilo watt hours per day**.

In the area of agriculture and agro-allied, we have made giant leaps inspite of our limitations. I am also pleased with the progress of the team in Ministry of Agriculture and Co-operatives.

Within the 2012 Budget year, they successfully completed the Imota Rice Mill in Ikorodu, the Erikorodo Feed Mill, the Erikorodo Chicken Processing Plant, also in Ikorodu and the revitalization of Ikorodu Fish Farm Estate.

In Epe, the Agric Youth Empowerment Scheme is progressing with the training of a new batch of 200 graduates for whom the Executive Council recently approved the release of ₦500M that will be given to them shortly along with 1 (one) hectare of land per farmer to enable them start production.

Our farmers have benefitted from our partnership with the Federal Government programme of decentralizing access to inputs such as fertilizer and seedlings, and we recently opened a Cooperative College and Farmers' Service Centre in Oko-Oba, Agege to improve access to training for them in new farming, processing, storage and marketing techniques.

In Badagry, we are cultivating 75 (Seventy) hectares of land for rice under our Rice for Jobs programme and our irrigation project to improve yield and production of rice per hectare is progressing encouragingly.

But as you all know, we are limited in the amount of land we have to live on and to cultivate because our State is the smallest in size in the Federation.

Accordingly we are pursuing a radical alternative of acquiring land for farming outside our State.

We already have 50 hectares in Abuja, and Ogun State which is 4 times bigger than us in land size, recently allocated 500 hectares for rice farming to feed our rice mill.

Other States such as Bauchi, Osun, Ekiti, Oyo and Katsina are favourably considering our requests and we expect to receive positive responses from them.

There are investment offers for processing of palm oil and soya bean oil in our Agro Industrial Parks that we are working towards concluding.

And there is a lot more that I could report about the growth in this sector, the jobs it is creating and contributions to our economic life that the time will not permit me to delve into.

But before I leave the Agric sector, it will be uncharitable of me not to acknowledge the support of the Honourable Minister for Agriculture and his team who have recognized clearly that it is the States that should be encouraged to take the lead in solving our food security problem.

This is how it should be in a federation.

In the area of transportation, a lot is happening and visible in various sectors from roads, water and rail to traffic management and enforcement of regulations.

As I promised you during the 2012 budget presentation we were going to focus on inner, neighbourhood and connecting roads.

Out of over 390 (Three Hundred and Ninety) roads we planned to intervene over our second mandate of 4 (four) years, we have awarded 168 roads in the year 2012 Budget; and completed some on-going roads while many more will be completed in the fourth quarter.

In Idi-Araba and Ilasamaja area for example, we have completed Paul Okuntola Street, Folarin Street, Oyewuwo Street, Kekereowo

Street, Babalola Street, Ishaga Road and Akanro road, totaling 4.95km.

In Surulere we completed upgrading and expansion of Bode Thomas Road, Idita Street, Aibu Street, Oyediran Street, Amosu Street, Adelabu Street, Ogunlana Drive and Akerele Street, totaling 7.95km.

In Alimosho we completed Old Otta Ibari Road, Agodo community Roads comprising [Niyi Street, Owolabi Street, Adeyinka Street, Amudalatu Street and Abanise Street], Old Ota Road, Oke Odo, Association Avenue, Ikotun, Shasha-Orisumbare-Ejigbo Road, the rehabilitation of Isheri Roundabout to Ikotun Roundabout, the rehabilitation of Moshalasi to Isheri roundabout, and Egbe-Liasu Phase 1 totaling 25.76km.

Work continues in many other areas such as Langbasa, Eti-Osa, Ejigbo, Okota, Agiliti, Oshodi, Epe and Ikorodu to mention a few.

While we are building new roads, the Lagos Public Works Corporation continues to maintain and repair old roads and has attended to 593 roads representing 104.47km within the year to date.

We are increasing our investment in the agency by acquiring 2 (two) more asphalt plants that will be located in the East and Central Senatorial districts to improve efficiency.

But as I have repeatedly stated, we are a commercial State with high urban migration and we experience rush hour traffic in the morning and the evening on work days and of course because of our social life with many parties and celebrations, we add to the congestion over the weekend.

Therefore, we cannot build our way out of congestion and this imposes a management challenge which LASTMA has valiantly responded to.

At the moment, all the staff of LASTMA are undergoing relationship and citizen interaction training to improve their skills and community responsibility and we also plan to improve their work environment by renovating their offices in a phased approach.

But we cannot leave the job to LASTMA alone, because we account for a large part of the congestion through our life styles.

This is why we have enacted a new traffic law to regulate road use, improve safety, travel time, save costs and save lives.

I must thank majority of Lagosians who have embraced the law, and my message to those who oppose is that they should embrace change. The rewards are many, even if they cannot see them today.

Our other management strategies are the provision of traffic lights, over 17,000 street signs, 5 Drivers' Institute for training, lane markings, advocacy and of course the very popular Traffic Radio, 96.1FM, the first of its type in these parts, which gives our citizens the advance information to plan their journeys before they set out.

In the area of rail transport, the blue line corridor construction is progressing along with the Badagry corridor expansion.

Our ferry routes have increased and we are going to add more ferries through the licensing of private operators and the Lagos Ferry Company, our wholly owned private company has already acquired 2 (two) ferries and plans to add more this year, including 2 (two) pontoons that can ferry 25 (twenty-five) cars each.

Distinguished ladies and gentlemen, you will observe that I have spent some time on transportation. This is deliberate.

It is the critical driver of our civilization. Our life expectancy is affected by avoidable road traffic accidents. The cost of goods and services always include transportation costs.

If we comply with traffic rules, we will be healthier, we will live longer, goods will be cheaper and we will save money.

With regards to housing, although we have not commenced the allocation of houses under our Lagos Homs Project because of the attention we are paying to the process to ensure equal and fair opportunity to all applicants, a lot of work is going on behind the scene.

All our schemes now have title documents to ensure that once allocation is made we can process title documents in the shortest possible time.

Construction of house of 1, 2, and 3 bedroom flats is progressing in at least 15 (fifteen) sites such as Ilupeju, Mushin, Alimosho, Sangotedo, Agbowa, Ogba, Igando, Magodo, Omole, Surulere, Lekki, Abijo, to mention a few, and there are plans for more in Ikorodu, Badagry, Ijanikin, Ketu, Ijora Badia and Bariga in the near term.

Distinguished ladies and gentlemen, you will see from Power, Agriculture, Transportation and Housing what we have done with your time and resources.

You will see the type of economy we are building, the opportunities and jobs we are creating in fabrication and production of light poles, supply of fittings, labour and installation as we do with food production, sales and transportation, as is evident in jobs at road construction sites, the rail project, lane marking and traffic lights

installations, jobs in LASTMA and the supply of sand, sale of plank, cement, building materials, transportation of materials, sale of food and water and employment of construction workers at the various sites.

In order to keep this going and growing, we have proposed a budget of ~~N~~497.277Billion for the 2013 financial year. The proposed budget exceeds the Y2012 Budget by 1.08%.

Our Capital to Recurrent ratio will be 54:46 for Y2013 as against 53:47 in 2012.

The proposed deficit financing requirement is ~~N~~40.537bn which is **0.3%** of the State's GDP compared to 1.19% in Y2012.

The components of the total overhead costs of ~~N~~139.173bn are as follows:

Overhead cost	-	N 66.992bn
Dedication Expenditure	-	N 21.753bn
Subvention	-	N 31.892bn
Debt Charge (External)	-	N 0.609 bn
Debt Charges (Internal)	-	N 15.938bn
Debt Charge (Bond)	-	N 1.989bn

Capital Receipts for the Year 2013 Budget is estimated at ~~N~~22.912bn made up of:

Grants	-	N 3.000bn
Investment Income	-	N 0.332bn
Other Capital Receipts	-	N 19.580bn

Capital expenditure of ~~N~~268.364bn consists of:

Core Capital	-	N 237.209bn
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Capital Development (Dedicated)	-	₦19.580bn
Grants	-	₦3.000bn
Counterpart Funding	-	₦2.500bn
Special Expenditure	-	₦5.000 bn
Risk Retention Fund	-	₦0.075 bn
Contingency Reserve	-	₦1.000bn

The sectorial allocation of the Budget in size and percentage are as follows:

General Public Service	-	₦114.076b	-
22.94%			
Public Order & Safety	-	₦18.799	-
3.78%			
Economic Affairs	-	₦156.273b	-
31.43%			
Environmental Protection	-	₦44.131b	- 8.87
Housing & Community Amenities	-	₦46.149b	-
9.28%			
Health	-	₦42.498b	- 8.55%
Recreation, Culture & Religion	-	₦5.749b	-
1.16%			
Education	-	₦64.343b	- 12.94%
Social Protection	-	₦3.259b	-
0.66%			
Contingency	-	₦2.000b	- 0.44%
Total	-	₦497.277b	- 100%

Mr. Speaker, Honourable members, ladies and gentlemen, you will also observe that we are keeping faith the promise that I made during the presentation of the Year 2012 budget to gradually reduce the deficit and borrowing as our tenure approaches its terminal date, while seeking to maintain a balance that helps us to respond to increasing demands of a growing population.

Therefore, from a borrowing of ~~₦~~89 Billion in 2011, we have reduced to ~~₦~~66 Billion in 2012 and the 2013 Budget proposes a further reduction to ~~₦~~40 Billion.

The size of the deficit is manifestly reducing while our Consolidated Debt Service Account has grown to ~~₦~~60 Billion and will reach ~~₦~~95 Billion by the end of our tenure and that will be after we would have repaid the ~~₦~~50 Billion first tranche of the Bond Series.

This shows our disciplined commitment to debt service and repayment.

Before I conclude my address I must mention some unsavoury developments that occurred in our State and also highlight the progress of some of our policies.

The first and the most unfortunate was the DANA Air crash which occurred on Sunday 3rd June 2012 in which all passengers and crew lost their lives.

Once again our hearts reach out to the families of the victims who were Nigerians and other members of the international community. We pray that time will heal their wounds and grief, and that laughter and happiness will return to their homestead.

But I feel compelled to use this opportunity to express our gratitude to all our first responders and rescue team from LASEMA to the Police, to LASTMA and the fire service under the leadership of the Honorable Commissioner for Special Duties who worked courageously with men and officers of NEMA to recover a total of 150 (One Hundred and Fifty) bodies from the crash site.

Our gratitude goes to all our health personnel from the Honourable Commissioner for Health and members of his team, especially the

Vice-Chancellor of LASU and the Medical Director of LASUTH, who worked with other experts to painstakingly sort, tag and process the bodies and prepare forensic samples for overseas analysis which led to the positive identification of 141 (One Hundred and Forty One) bodies that have been released to the bereaved families for burial.

I believe that this identification of over 94% of the victims, and we are still working to conclude the rest, helped us to avoid a mass burial for the first time in our history of such human tragedy and I hope it will bring the bereaved families nearer to a closure.

In concluding on this matter, I must not fail to acknowledge the support of our religious leaders, and most importantly to salute the heroism, courage and understanding that the various families demonstrated at a time of immense personal losses and grief.

They trusted us entirely and this helped us in no small way in the management of what was a very difficult process.

Our agreement to dedicate the crash site as a memorial in honour of the victims is being implemented on our side as clear directives have been given to the appropriate Ministries and organs of Government.

Regrettably, just as we were working our way through the management of this tragedy, a very massive storm hit Lagos on 17th August 2012 and affected the area known as the Kuramo waters, and impacted adversely on Goshen Beach Estate, Oniru Estate and Alpha Beach.

Some have credited our survival to luck. I do not.

I believe we must acknowledge the vision and industry of men and officers in the Ministry of the Environment and the Ministry of Waterfront Infrastructure Development, who have faithfully

implemented the protection wall project at the Eko-Atlantic Beach Project which helped us resist the tragedy that might have befallen us as waves that were as high as 7 meters buffeted the coast of Lagos.

The vigorous expansion of drainage channels across Lagos and in particular on the Lekki axis helped us to channel the water from the sea into the natural drainage that the Lagos lagoon provides, through the constructed drainage channels in a way that minimized the impact of the storm.

If this is still luck, then I believe we have made our own luck.

While our hearts reach out to other States who have also been afflicted with flooding, and we acknowledge the receipt of ~~₦400m~~ given to us by the Federal Government which categorized us a Category B Risk State, although we view our risk and problems differently.

We recognize the continuing risk that we face being so close to the Atlantic Ocean and from the inner boundaries through which 6 (six) rivers (Ogun river, Yewa River, Imeda River, Owo River, Oyan River and Oshun River) from Ogun and Oyo State, have tributaries that discharge ultimately into our State.

The protection of Lagos will not be achieved without a plan or be financed by ~~₦400m~~. Currently, we have designed a coastal protection plan with our consultants from Holland, that will stretch for about 7 kilometers to protect Kuramo, Victoria Island Extension, Oniru Estate, Goshen Beach Estate and Alpha Beach.

It will cost about ~~₦40~~billion to implement it over at least 2 (two) budgetary cycles. Without help, we are constrained to finance and implement the plan in phases to arrest the immediate threats and then deliver the protection.

In order to do this and start immediately, I have proposed a re-ordering of this year's budget as approved by the State Executive Council to defer other projects to 2013 while we focus on this life threatening environmental risk and also finance our security challenges to combat criminal activities.

Before I leave the matter of ocean threat, permit me to refer to the horror and the devastation of lives and property over the last 24 hours across the North Atlantic in the East Coast of America.

Our experts have advised us to brace up for the impact of these rising water levels on our Atlantic waterfront and I urge our people to be vigilant and keep away from the waterfront until we get safer information.

Ladies and gentlemen, on the brighter side, I can report also that we are making progress with education as our WAEC results show a 50% average pass for 2012 and we are now in the top 10 in the country for WAEC result performance.

This is a huge leap from 19% average pass in 2011.

While we are confident on improving, much work remains to be done in that sector and we are focused and committed.

Our technical colleges have started producing graduates with skills that you the employers will be proud of.

Our students are holding their own and competing successfully in quiz programmes , debates and sports and I am enthused by the work of the Ministry and all our education personnel especially the teachers.

Our developmental work in LASU is yielding results.

For the first time, we held the graduation ceremony not outside the school, or under canopies, but in the new school auditorium that compares with any you can look to in these parts.

Progress is being recorded with the new Senate Building, the Students Arcade, the School of Transportation Building, the Central Library and other projects I promised you last year that we will deliver.

The learning environment is improving and when we have recorded more progress we must necessarily dig deep into the personnel and welfare issues and accommodation for students and lecturers.

It is a journey that I am committed to, in order to deliver a University we will all be proud of.

As an insight into our new thinking, the Governing Council worked with me to suspend the award of Honourary Degrees this year in a move to stop the abuse and reconcile our honours with the level of development that our society delivers.

I am happy to announce that this trail blazing decision that many pondered, but your own University courageously took, has received nationwide embracement as reported at a meeting of Vice Chancellors of Nigerian Universities.

We will never be afraid to try new and well thought out things in order to make things better.

Our residents' registration plan is making progress and we are now in the final stages as we approach final commencement.

This will require us to employ and train at least 2000 young people who will earn at least ₦20,000.00 (Twenty Thousand Naira) per month

for about 6 (six) months; and very soon the process for recruitment will be announced.

We have also concluded plans to vigorously maintain public assets and buildings like schools, hospitals, court rooms, staff quarters, Government offices and much more.

But the real story is that we intend to utilize this maintenance culture and initiative first to promote the expected life span of these facilities as is the case in other jurisdictions, and also use it to stimulate economic opportunities for young graduates, artisans and small businesses.

We will start with 332 (Three Hundred and Thirty Two) schools that will give maintenance contracts to 50 (fifty) small and medium sized contractors.

It is projected that every naira spent on maintenance creates or supports .13% jobs, and based on standards, half a billion naira investment will create or support an estimate of 700,000 jobs.

There is so much more I will like to report about our work in the last 10 (Ten) months but I must conclude by assuring you that we are making progress, investment is growing within and flowing in from outside and opportunities are expanding.

We are not without challenges as you may have appreciated, but our progress is being acknowledged within and outside.

As was recently reported in one of our national dailies and I quote:

"The rapid transformation of Lagos metropolis in the last five years has caught global attention, as two renowned international bodies, Citigroup and Urban Land Institute ranked the metropolis as one of two most innovative

cities in Africa. The other city is Cape Town in South Africa”¹

This is the direction we intend to faithfully tread.

In a few days’ time, we will play host to about 15,000 athletes from all over Nigeria as we host the 18th Edition of the National Sports Festival tagged Eko 2012.

It will be another opportunity to boost the local economy through trade and tourism and to exhibit our unmatched hospitality.

I will conclude by wishing you all a merry Christmas and happy 2013 in advance and urge us to continue to live together peacefully and harmoniously, to be safety conscious and to remain our brothers’ keepers.

Distinguished ladies and gentlemen, the work continues, we your servants are prepared, our journey towards a brighter and rewarding future remains on course.

Thank you for your attention.

Eko o ni baje o!

Babatunde Raji Fashola, SAN
Governor of Lagos State

October 31, 2012

¹ ThisDay, Thursday October 18, 2012, page 39