

BUDGET SPEECH 1985 BY THE HEAD OF STATE
MAJOR GENERAL MUHAMMADU BUHARI
as reported in the New Nigerian of January 2, 1985

On the occasion of the first anniversary of the inception of this administration, I present to you an assessment of the year 1984 and the Budget for the 1985 fiscal year. I wish to recall briefly the situation this time last year and review the performance of this administration.

Twelve months ago the economy was on the verge of collapse. Our finances were in a parlous state. Salaries and wages were in arrears in some states by eight months. State and Federal establishments were hopelessly overstaffed. Foreign banks were refusing to do business with Nigeria on account of huge debts and arrears. The law and order situation was desperate. Weakened by massive corruption, the civilian government lacked the will to tackle these serious problems. There was a real danger, therefore, of complete chaos and social breakdown. The new Administration had to stop the rot on many fronts.

Faced with these problems the government adopted a number of stringent measures. In the revised May Budget, the Federal Military Government set targets of reducing government spending, reducing imports and reducing the foreign exchange deficits. All these targets have been met.

There have been noticeable improvements in other socio-economic areas such as greater security, cleaner towns and cities, notably Lagos and Kano, more reliable power supply and telephone services. More drugs in hospitals. Above all a greater sense of discipline in our lives.

On the reverse side we still have inflation, unemployment, shortages and in few isolated instances salaries are again in arrears. But the total picture is that we have seized the initiative and are on the road to recovery. It was, of course a painful necessity to resort to retrenchments so as to prevent the economy from going under. Nonetheless government paid all outstanding salary arrears.

Imports were sharply reduced and a strict foreign exchange budget adhered to.

- i) The Federal Military Government has honoured all payments on medium and long-term loans. Total payments on principal and interest amounted to two billion six hundred and thirty one thousand six hundred and thirty Naira between January and December, 1984.
- ii) Appreciable progress has been made in the refinancing of the outstanding trade arrears, which accumulated to the end of 1983.
- iii) All imports in 1984 have been and are being paid on current basis.

We are paying our debts and we are no longer begging anybody. In agriculture our immediate response to widespread food shortage was two fold: to appeal for a mass return to the land and to propose greater incentives to attract outside skills and capital so that large scale food and raw material cultivation can take off. The response has been very good. Local food production rose by 2 % last year. Further support measures are being worked out for big private sector agricultural schemes.

Immediate steps were taken to revive key industries such as paper, cement, sugar and fertilizer plants. The effect would be to improve local availability and save foreign exchange. Strict measures were taken to prevent smuggling of goods across the borders and most state governments have introduced new distribution systems to beat hoarding and profiteering. Government is satisfied that these measures have achieved results but the underlying shortages mean that prices are still high.

During 1984 the Government introduced new policies on students feeding, tuition and accomodation. Universities, colleges and secondary schools were merged so that our educational system can survive. The Government is pleased that students of higher learning have shown some understanding of realities. After consideration of recommendations of the Committee on Funding Education, a policy will be in place which will be rational and realistic. The NYSC system has been streamlined to achieve savings and better use of NCE holders. Emphasis is shifting to science and technological education.

In view of low state which our currency had sunk by the end of 1983, the Government in a swift operation, changed the colour of the Naira, thereby trapping hundreds of millions smuggled out and hundreds of millions stolen or counterfeited which could not be exchanged. The result is that there is less money in circulation and value and respect for the Naira enhanced.

Local Governments which multiplied ten-fold under the civilian regime were reverted to their pre-1979 number. This measure was to enable their meagre finances to be applied to needed social services rather than wasteful overheads.

Against this background of economic and social ravaging of the country, the Federal Military Government ordered exemplary punishment to those responsible for nearly ruining the country. The Special Military Tribunals convicted those accused only after the most meticulous examination of the facts. Sentences were confirmed again after thorough review by the Supreme Military Council. From now on the Armed Forces intend to establish high standards for leadership and public service in Nigeria.

The Study Groups set up to look into certain features of government policy and structure have nearly all submitted their reports. Those on Project Review, Financial Management and Customs and Smuggling have been considered by government. Among recommendations accepted for implementation are:

- i) The placing of available foreign exchange in a common pool to be readily accessible to all banks in servicing their requirements of imports licence beneficiaries; and,
- ii) the removal of Customs and Immigration Departments from the Federal Civil Service Commission regulation to a Board chaired by the Minister.

As soon as the remaining reports are considered by government the decisions taken would be speedily implemented.

REVIEW OF THE 1984 ECONOMIC SITUATION

The country's total real income dropped slightly from twenty seven billion Naira in 1983 to twenty six point nine billion Naira in 1984, a fall of less than 1%. This compares with a fall of more than 6% between 1982 and 1983. The improved performance of the economy in 1984 was due largely to the satisfactory performance of the petroleum and agricultural sectors. The contribution of agriculture to the national income rose from three point nine-five Naira to four point zero three billion Naira between 1983 and 1984 thus recording an encouraging increase of 2% when viewed against a sharp decline of 8.0% in 1983. Agriculture recorded substantial output gains, especially grains production. It is a good omen for the country's efforts to restore agriculture to its leading position in the economy.

On the external sector, Government's fiscal and administrative measures to improve the country's balance of payments attained some successes in 1984. The value of imports dropped from nine point seven billion Naira to eight point six billion Naira while that of exports rose from seven point one billion Naira to eight point nine billion Naira between 1983 and 1984.

After making allowances for the services account, the balance of payments on current account improved in that a deficit of three point four billion Naira has been reduced to one hundred and twenty six million Naira between 1983 and 1984. The surplus on merchandise trade reflects the Military Administration's success in keeping expenditure within available resources.

The increase in petroleum revenue from five point one billion Naira to seven point eight billion Naira during the period under review brought about a rise in federally collected revenue from nine point seven billion Naira in 1983 to eleven point three billion Naira in 1984, an increase of 14%. Consequently, the retained revenue by the Federal Government rose from five point one billion Naira to six point seven billion Naira during the same period. However because of the increase in debt service, the Federal Government recurrent expenditure rose from five point three billion Naira to six point one billion Naira between 1983 and 1984. In order to redress this unhealthy trend, the capital expenditure of the Federal Government was reduced from six point one billion Naira in 1983 to three point nine billion Naira in 1984. Consequently, the overall budget deficit of the Federal Government was reduced from six point two billion Naira to three point three billion Naira between 1983 and 1984.

POLICIES FOR 1985 FISCAL MEASURES

In my 1984 budget Address, I indicated that this Administration, had among other things, carried out a comprehensive review of the Customs and Excise Tariff Structure in order to create greater harmony and stability in the tariff and to expand the base of excise duty. Since these measures

were introduced only in May 1984, it is too early to assess properly their full impact on the economy. However, Government will continue to monitor their effects on the economy.

The Federal Military Government has decided to introduce Advance Payment of Customs Duty. This will come into effect from a date to be announced later. This Scheme will involve the payment of import duty at the time when letters of credit are to be opened, instead of the present practice of collecting import duty when the goods have arrived. This innovation in our revenue collection system is designed to eliminate, as much as practicable, the abuse to which the previous procedure for the collection of customs duty has been subjected. Operational procedures for the new scheme will soon be announced.

MONETARY AND BANKING POLICY

Although the Monetary and Banking Policy introduced in 1984 has achieved some degrees of success, there is still room for improvement. Accordingly Monetary and Banking Policy in 1985 is aimed at further reducing the rate of inflation, achieving a healthy balance of payments position, and increasing and mobilising domestic and external financial resources.

The broad and simplified bank credit division between 'preferred' and 'less preferred' sectors will be retained in 1985. However, there will be slight adjustments in the sectoral allocation to reflect the observed performance of the sectors in the last three years. Credit to the agricultural sector will be increased to reflect the importance which this Administration places on Agriculture, and to meet the growing needs of the increasing number of large-scale farmers all over the country.

The longer grace periods which have been approved for the various forms of agricultural loans will apply throughout 1985. To ensure availability of loanable funds for agriculture, interest rates for such loans are being increased by 2% to equate financial institutions' borrowing rates with their lending rates. Other deposit and lending rates will remain as in 1984.

The Ministry of Finance and the Central Bank of Nigeria will, exercise greater surveillance over the performance of banks to ensure that they provide better service to their customers.

The second phase of the rural banking programme has achieved a very high degree of success. The programme will therefore be continued. Furthermore, encouraged by the very favourable report on compliance with the requirement that a minimum of 30% of deposits collected by banks in rural areas should be granted as credit to borrowers in such areas, Government has decided to increase the ratio to 40% in 1985.

INCOMES POLICY

The current policies on wages and prices which call for restraint will be maintained in the coming year, as the economy is still depressed. However, to make for a better standard of living, emphasis will continue to be placed on increased productivity in every sector of the economy. Salary

and wage increases which are not related to higher productivity will only result in higher costs of production, rising prices and a fall in living standards. Adequate attention will be given to those aspects of the incomes Policy measures which are intended to enhance the creation of more job opportunities. Towards this end, Government will continue with the drive to get manufacturers to develop and make greater use of local raw materials. In order to assist industries now operating at low capacities, priority will continue to be given to basic raw materials, machinery and spare parts in the allocation of foreign exchange. Increased productivity in all sectors will improve the general supply situation with beneficial effects, especially on prices of basic commodities and our general standard of living.

BALANCE OF PAYMENTS AND EXCHANGE CONTROL MEASURES

Foreign exchange earnings from 1st January 1984 up to 30th October 1984 was seven point two-four-one billion Naira whilst total foreign exchange disbursement was seven point zero-seven-eight billion Naira. The Foreign Exchange Reserve stood at one point one billion Naira as at the end of October 1984.

In the fiscal year 1985, the Nation expects to earn about eight point zero-two-four billion Naira in foreign exchange. In order to fulfil our obligations of servicing debts incurred in past years, and at the same time keep our factories and essential projects going, the Federal Military Government has decided on a total foreign exchange Budget of eight billion Naira. In order to improve our reserve positions, Government is determined that expenditure will be kept within this Budget ceiling.

The problem of mobilizing convertible currencies held by Nigerians, both at home and abroad, is likely to remain for as long as we do not create institutional facilities to tap such holdings. It is known that much foreign exchange is lost to the economy because these resources are lodged with foreign banks. In order to encourage individuals and companies to repatriate these resources, the Federal Military Government has decided to permit Nigerians and Nigerian Companies to open and operate external accounts in Nigeria. The modalities of the scheme would be worked out by the Federal Ministry of Finance and the Central Bank. The Federal Military Government has also decided to permit the reinvestment of remittable dividends provided such investments are in new companies and an amount equal to half of what is to be remitted is imported. To qualify for approved status under this scheme, the investor has to bring into Nigeria additional new capital up to the value of 50 % of the amount of dividend to be reinvested.

EXTERNAL OBLIGATIONS

This Administration has throughout the year faithfully met all its external loan obligations. This policy will continue to be maintained in respect of our short, medium and long-term commitments.

Positive steps have already been taken to sort out and reschedule the backlog of trade debts accumulated from the 1982 and 1983 fiscal year.

The first set of promissory notes worth two hundred and fifty million US dollars were issued to some uninsured creditors on the 7th of November 1984, after proper reconciliation and verification. More promissory notes will be issued as and when the correct debts are ascertained. However, progress on the final settlement of the insured trade debts has been relatively slow. The hope, nevertheless, is that agreement will be reached in 1985. Let me at this juncture express the nation's appreciation to the friendly countries which have lately offered loans on bilateral basis to support development efforts in very important areas like agriculture, technical education, small-scale industries and rural electrification. We will carefully consider all offers provided they fit in with our programmes and our national interest.

The critical position regarding our external indebtedness in respect of existing medium and long-term loans needs to be highlighted. As at 31st October 1984, Nigeria's total external debt stood at approximately seven-point nine-two billion Naira.

However, the total external loan commitments was nineteen point zero-four billion Naira, including an estimate of one point seven-six billion Naira for the entire trade arrears on open accounts being re-scheduled. Out of the balance of fourteen point two-eight billion Naira, nine point three-two billion Naira was entered into by the Federal Government and four point nine-six billion Naira by the states. A sum of three point five-zero billion Naira (or about 44 % of total estimated foreign exchange earnings) has been set aside for debt servicing. This is a very high ratio when compared with 25 % in 1984. Accordingly, the Federal Military Government has decided that, in order to avoid a further deterioration of the debt situation, no external borrowing for a new project will be undertaken in the 1985 fiscal year. In strict adherence to this decision, only current Federal and State budgets being financed from approved external loans already signed will be pursued.

REVENUE

It is estimated that the federally collectable revenue for 1985 will be eleven point two-three-seven billion Naira. From this amount, the Federal Government will retain exclusively, the sum of one point three-one-four billion Naira, being revenue accruing from independent sources. The estimated balance of nine point nine-two-three billion Naira will constitute the Federation Account in accordance with Section 149 (1) of the Amended Constitution of the Federal Republic of Nigeria, 1979.

In line with the existing Revenue Allocation formula, the share of the Federal Government from the Federation Account is five point four-five-eight billion Naira, while the States and the Local Governments will be allocated three point zero-two-seven billion Naira and zero point nine-nine-two billion Naira respectively. When the Federal Government Independent Revenue of one point three-one-four billion Naira is added to its share of the Federation Account, its total anticipated revenue for 1985 will be six point seven-seven-two billion Naira.

The revenue Estimates for 1985 are, as usual, based on the projection of revenue derivable from the oil and non-oil sectors of the economy. Whilst the fiscal and monetary policies of Government as well as the effectiveness and efficiency of the various revenue collecting agencies determine, to a large extent, the revenue derivable from the non-oil sector, external factors, over which Government has very little control continue to influence revenue accruing from the oil sector. The trend for the past decade has been that over 60 % of the total federally collectable revenue for each year is derivable from the oil sector of the economy. The projected revenue for 1985 shows that the trend is yet to be reversed, as it has been estimated that out of the total revenue of eleven billion two hundred and thirty seven thousand eight hundred and nine Naira, the sum of seven billion four hundred and forty five thousand eight hundred and nine Naira, or 66.3 % will accrue from the oil sector while the remaining three billion seven hundred and ninety-two thousand Naira will be derived from non-oil sources.

Government is aware that until the current over-dependence of the revenue base on proceeds from oil is reversed, the realisation of projected revenue estimates will continue to be unpredictable. The process of reversing this unacceptable pattern of revenue has begun. The Federal Government has fully committed itself to the implementation of the LNG project and will also not relent its current intensive investment effort in the Agricultural and Mining Sectors.

In order to reduce to the barest minimum, the usual gap between projected and actual revenue realised, a new approach has been introduced which will ensure that revenue collecting agencies meet their targets of projected revenue for the 1985 fiscal year. Hitherto, it has been customary for Ministries/Departments and Parastatals to concentrate on proposals relating to Recurrent, and Capital Expenditures without corresponding attention being given to the generation of revenue. For the 1985 revenue estimates, Ministries/Departments and Parastatals will have their performance in revenue generation constantly monitored to ensure that they attain and, where possible, improve on their revenue targets.

Furthermore, Government, has already embarked on reorganisation of the various revenue collecting agencies, with a view to making them more effective. As the various measures being taken by Government to revive the economy begin to have the desired effects, it is hoped that there will be an improvement in commercial activities that will lead to the full realisation of the projected revenue.

A new Decree, Finance (Miscellaneous Taxation Provision) Decree will soon be promulgated to amend both the Income Tax Management Act 1961, and Company Income Tax Act, 1979. The Decree aims at, among other things, extending deduction of tax at source to other items of income such as royalties, contracts and fees accruing to individuals and companies, and also increasing the existing rate of tax deduction at source from twelve and a half per cent to fifteen per cent. The Decree will introduce improved earned income relief. The Minister of Finance will elaborate on the provision of this Decree in due course. As part of its efforts to increase revenue, Government has decided to introduce two new measures in the new year, namely : a levy on air tickets for journeys outside Africa and a pre-operation levy on dormant companies.

RECURRENT EXPENDITURE

The total Recurrent Expenditure for the 1985 Fiscal Year will amount to five point four-seven-three billion Naira. Of this amount three point five-four-one billion Naira will be spent on Personnel Overhead Costs. The total Consolidated Revenue Fund Charges amount to three point zero-one-one billion Naira. The Consolidated Revenue Fund Charges, which is a first charge on the Consolidated Revenue Fund was traditionally regarded fully as a Recurrent Expenditure item. It has now been split into two parts. The first part made up to the provisions made for the judiciary, Pensions and Gratuities, Salaries and Allowances of some Government functionaries which in accordance with the provisions of the Constitution should be part of the Consolidated Revenue Fund Charges and interests on loans, all amounting to one point nine-three-one billion Naira is now debited to Recurrent Expenditure. The second, which is repayment of loan capital amounting to one point zero-seven-nine billion Naira is now regarded as part of Capital Expenditure Estimates. Accordingly, therefore, the total Recurrent Expenditure of the Federal Military Government for the 1985 Fiscal Year amounts to five point four-seven-three billion Naira. Government will continue to ensure that all its Agencies carry out personnel and management audits, maintain utmost financial prudence and discipline and adopt cost-saving devices in the performance of their duties.

CAPITAL EXPENDITURE

The total capital expenditure for 1985 will be five point seven-nine-six billion Naira to be financed by recurrent surplus of one point two-nine-nine billion Naira, internal loan of two point two-six-seven billion Naira and external loan of two point two-three-zero billion Naira. The 1985 capital expenditure estimate is one point eight-six billion Naira higher than that of 1984 as a result of the additional expenditure required to lessen the effects of the current economic recession and to find a solution to the problem of cost escalation caused by projects not being completed on time. Ministerial departments must endeavour to complete such projects nearing completion, particularly, those that have strong linkages with other sectors.

A sum of one point zero-seven-nine billion Naira out of total capital budget will be used for principal loan repayment which is a Consolidated Revenue Fund Charge.

STATE FINANCES

The total projected revenue accruable to the Federation Account in 1985 is nine point nine-two-three billion Naira. This will be distributed among the three tiers of Government: that is, Federal, States, and Local Governments in accordance with the existing formula on revenue allocation. The Federal Military Government has taken a decision on the mana-

gement of the special Funds for Ecological Amelioration and the Development of Mineral Producing Areas and the relevant Decree will be promulgated soon. Although Development Loan Stocks amounting to three hundred million Naira will be floated during 1985 on behalf of the States, the proceeds will be tied to specific projects in the Development Plan approved by the Federal Ministry of Finance in consultation with the Ministry of National Planning. No other financial assistance will be granted to the States except in very exceptional circumstances.

I now wish to touch on some of the sectoral highlights in the budget.

AGRICULTURE, WATER RESOURCES AND RURAL DEVELOPMENT

To underline this Administration's emphasis on the provision of food and raw materials, a sum of one point zero-six billion Naira which represents over 18 % of total capital Budget for 1985 has been allocated to the agricultural sector.

In addition to Agricultural Investment Bureau already functioning within the Ministry a comprehensive insurance scheme to protect agricultural produce against various forms of hazards will be established in 1985. Furthermore, lending institutions are being directed to grant enhanced periods of moratorium on loans for agricultural purposes.

The contribution of Hadeja-Jamare Chad Basin and Ogun Oshun Authorities to the grain, tomato and water requirements of our people and livestock have registered significant improvements. Also fertilizer distribution has been more honest and efficient. The delay and waste experienced in previous years have been eliminated.

The organised River Basin and Rural Development Authorities, will, in 1985, assume full responsibility for all federally-funded agricultural and Water Resources Projects. They will cease to be involved in direct production. Instead, they will concentrate on extension services to individual farmers.

Their programmes and activities will be closely co-ordinated with those of the State Government Agencies as well as the World Bank-assisted Agricultural Development Projects (ADPS). The importance of the ADPS is reflected in the allocation of over 15 % of the total funds for agriculture in 1985 as Federal Government's contributions to the projects.

FEDERAL CAPITAL TERRITORY

When presenting the 1984 Budget, I said *inter alia* that this Administration would adopt a programme of orderly movement to Abuja. In compliance with this pledge, 1984 was devoted to reassessing progress made so far in developing the territory and cleaning up the mess perpetrated by the previous civilian Administration. It is our hope that the steps taken so far will facilitate the development of the city and its environs so that orderly movement could commence in 1986.

A provision of two hundred million Naira for the execution of capital projects in the Federal Capital Territory has been made for 1985 from our own internal sources. An external loan provision of one hundred and seventy million is also included. In order to ameliorate the acute shortage of high and middle level manpower that has bedevilled FCDA, a team of local and outside managers with considerable experience would be appointed in 1985 to provide managerial support to FCDA.

Also, from now on, Government will concentrate on the provision of infrastructural facilities and buildings for its own use while the private sector, through incentives, will be encouraged to provide housing and office accommodation for non-government use.

PETROLEUM

In spite of the decline in revenue, the Federal Military Government has allocated two hundred and ninety three million Naira for the continued execution and completion of development projects being undertaken by the Nigerian National Petroleum Corporation. The allocation which represents about 5 % of the total Federal Government Capital Budget will enhance the speedy implementation of phase I of the Petro-chemical programme that is expected to come on stream in 1986. The construction of a new 150,000 barrels per day refinery at Alesse-Elleme near Port-Harcourt is about to start. It is expected that at the present rate of consumption of petroleum products, the new Port-Harcourt Refinery when completed in 1987 will enable our country, for the first time in its history, to eliminate the need to import finished petroleum products. The project will generate further employment opportunities for Nigerians and the government will make a net foreign exchange saving of about one hundred million Naira per annum. The LNG project has been revised and its implementation will be vigorously pursued.

It is now clear that this Administration has restored sanity to the bunkering business. The losses experienced through the criminal actions of some Nigerians who collude with foreigners to smuggle petroleum products out of the country for their selfish interest have been virtually eliminated. The Task Force established by Government to track down all illegal trafficking in oil and its products has continued to carry out its task successfully throughout the country.

COMMERCE AND INDUSTRIES

In the industrial sector licences worth three point five billion Naira for Raw Materials, equipment and spare parts were issued to bona fide manufacturers to keep factories going. Key federally-sponsored industries were given priority attention. Jebba Paper Mill has been completed. When fully operational it will save the country sixty five million Naira in foreign exchange. The newsprint factory near Calabar is due for completion by June 1985 and newsprint shortage will ease during the year. The Iwopin Mill and Oshogbo Plant Tools will be given priority attention in 1985. Savannah Sugar Company has been rehabilitated. It will yield twenty thousand tons of sugar in 1984/85 season and forty thousand tons in 1985/86 season. Nkalagu and Calabar Cement Plants are being revived.

Ashaka, Sokoto and Benue Cements are all producing at full capacity. In addition the Onne/Port-Harcourt fertilizer plant will be completed on schedule and the Kaduna fertilizer factory expanded. A total of 39 industries were resuscitated and 21 given locational approval.

I am happy to note that the private sector has responded to the new circumstances by adjusting and taking advantage of government measures such as the curb on smuggling. The government also appreciates the willingness of industries to invest in raw material and food production. I appeal to industrialists to introduce more cost saving measures, invest in research for local raw materials and avoid confrontation with government and workers.

COMMUNICATIONS

Government has approved a complete re-organisation of the Ministry of Communications and the Parastatals/Departments under it. One result of this is the creation of NITEL which combines NET and the Telecommunications Department of the P & T. NITEL is a limited liability company with government majority shareholding. Its mission is to provide reliable telecommunications services throughout the country. The Postal Services Division has been constituted into an Extra-Ministerial Department under the Ministry of Communications.

Telephone facilities are gradually being restored and there is noticeable improvement in some trunk and local exchanges. What government will concentrate upon now will be maintenance of physical facilities and collecting due revenue.

DEFENCE

Notwithstanding the constraints imposed by the fall in Federal Government Revenue, the allocation made to the Armed Forces in 1985 will ensure effective surveillance over our country's Land, Sea and Airspace. The general welfare of the rank and file of the Armed Forces will also be adequately catered for.

Training of Officers and men of the Armed Forces will be given top priority and most of this will, as far as practicable, be undertaken locally. Reasonable appropriation has been made to support the continued operation of the Nigerian Defence Academy as a degree-awarding Military establishment.

Domestic production and procurement of military software will be stepped up while military Research and Development will be agreed to promoting self-reliance in the provision of the light armament requirements of the Armed Forces. This is designed to reduce importation of small arms to the barest minimum and at the same time, promote the acquisition of essential basic military technology and widen employment opportunities.

EDUCATION, SCIENCE AND TECHNOLOGY

Government has allocated eight hundred and eighty million one hundred and sixty thousand three hundred and forty Naira to Education, Science and Technology. This represents 7.8 % of the total recurrent and

capital expenditure estimate for 1985. Owing to the continuing decline in revenue, Government can no longer subsidize the feeding of students in higher institutions. The University authorities have facilitated negotiations between students and caterers and workable arrangements have been made by the students of each post-secondary institution. This leaves the government the responsibility of financing tuition and providing adequate laboratory and library facilities for effective teaching. However, the minimal fees chargeable for hostel accommodation will remain unchanged.

As part of measures to put the new six-three-three-four system of education on a sound footing, arrangements have been completed for the supply of workshop equipment to 6,500 junior Secondary Schools throughout the country at a cost of one hundred and five million Naira. The Federal Government will also, in the new year, award post-graduate scholarships to deserving Nigerians to the extent of available resources. Such scholarships will be tenable in local institutions, other than courses not available locally.

To enhance the promotion of science and technology for development, the activities of the various research institutes will be rationalized and directed towards supporting agriculture, industry and health delivery. On the whole the Institutes are to be more generously funded this year.

HEALTH

In order to extend health care delivery right to the village level, health centres and clinics will be adequately equipped under the existing primary Health Care Scheme. It will be recalled that I launched the programme of immunization in October this year. This is part of the effort to control incidence of diseases that constitute a major cause of mortality and disability.

The Federal Ministry of Health is actively involved in the control of the diseases through an expanded programme on immunization. Plans are under way to set up institutions, when funds became available, for research and training of traditional health personnel and for the establishment of a National Board on Traditional Medicines. Government will also strengthen the institutions responsible for training medical and paramedical personnel.

Committees to study the national health policy, national drug formulary and essential drug list as well as financing the health care delivery through health insurance are already at work. They are expected to come out with recommendations for improvement during the coming year. Funds have been earmarked to enable the various teaching hospitals to continue with their projects. Special attention will be given to the availability of drugs through organised and selective importation and local manufacture. Government expects an improvement in the general field of medicare during 1985.

INTERNAL AFFAIRS

In 1985, efforts will be intensified in:

1. decongesting prisons and improving living conditions of prisoners throughout the Federation;

2. repatriating illegal aliens and preventing their influx into the country;
3. monitoring compliance with Expatriate Quota laws and regulations; and
4. checking abuses and practices connected with passports and other travel documents. Considerable success was achieved in these areas in 1984.

The new prisons projects planned to accommodate seven thousand one hundred and four inmates throughout the Federation will be prosecuted with as much vigour as resources permit. Apart from decongesting the prisons, increased accommodation will facilitate categorisation and classification of prisoners and provide an avenue for reformative programmes. Besides, necessary steps are being taken to ensure that suspects awaiting trial are not kept in prison for unduly long periods.

Consideration is also being given to the possibility of introducing suspended sentences and greater use of fines for relatively minor offences.

The need for accurate demographic statistics on Nigerian citizens has become very urgent. The arrangements to register and issue National identity cards to Nigerian citizens, which has been on, will be taken a stage further in 1985.

For security reasons, the Federal Military Government has decided to transfer, with effect from 1st January, 1985, the Department of Customs and Excise from the Federal Ministry of Finance to the Federal Ministry of Internal Affairs. From 1985 therefore, regular joint patrols of our borders will be undertaken by immigration Officers, the Police, the Army, and the Officers of Department of Customs and Excise.

EMPLOYMENT, LABOUR AND PRODUCTIVITY

The level of unemployment particularly among school leavers and graduates continues to be of great concern and anguish to this Administration. However, the report of the Committee on Gainful Employment is receiving active consideration.

It is expected that its recommendation will provide useful ideas for tackling the problem. The Government appreciates the responsible behaviour of unions in showing understanding and offering constructive solutions to unemployment problems and over-all industrial relations.

MINES, POWER AND STEEL

One of the major problems which demanded the immediate attention of this Administration at its inception was the frequent interruptions in power supply and its effects on the life of the country. This Administration has since restored much of the system to its operating capacity and improved the reliability of power supply to the nation. There have, during the year, been temporary setbacks but the main trend is improved and more regular power supply to homes and to industry.

Furthermore, the Federal Military Government will continue to work on a number of projects so as to achieve improve generation and distribution of power throughout the country. In pursuance of our policy of rural development and increased well-being of rural communities, the programme of the electrification of all Local Government Headquarters will carry on in the 1985 Fiscal Year.

As a long-term measure for increasing safeguarding power supply, NEPA will carry out the necessary feasibility studies for the construction of hydro thermal power stations at Onitsha, Kaduna, Makurdi, Oron, Mambila Plateau and Katsina to supplement the big plants at Afam, Sapele and Egbin which is nearing completion.

In view of the shortage of funds during the past three years, it has become necessary to reschedule the completion of the Ajaokuta Steel Project for the end of 1988. Accordingly, funds will be allocated during 1985 to the project and its associated projects, that is the development of the Itakpe Iron Ore, construction of the Itakpe-Ajaokuta rail link and the dredging of the Niger so that this revised completion schedule is realised.

The new steel projects planned for implementation during the current Plan period are being kept at the study stages only. These include the High Alloy Grade Steel Project, Aluminium Smelter Plant and Iron and Steel Foundries. However, to correct the imbalance in the product range of the steel plants, flat steel production will have to be embarked upon.

Consequently, Government is studying the feasibility of incorporating flat steel production into either the Delta or Ajaokuta Steel Plant with a view to making use of facilities at these plants to cut down investment costs and start-up time.

In the metallic and chemical mineral sectors, efforts will be intensified towards exploitation and processing of these minerals for export market in appropriate cases such as tin, lead and zinc as well as gold. These will provide foreign exchange earnings. More attention will be paid to coal for both the home market and also for export. A policy shift has been made towards the involvement of the private sector in the exploitation of these minerals, for local consumption, and for export. The Government will limit itself to providing the necessary infrastructure and industrial incentives for such investments.

EXTERNAL RELATIONS

The Federal Military Government will, in the new year, continue to play an active and leading role in shifting the focus of the Organization of African Unity from diversionary political issues to the crucial problems of economic and social development.

At Nigeria's instance, an African economic summit will be held in 1985. At home, the security of our borders is of utmost priority. Steps are being taken to give effect to our commitment to much closer co-operation with our immediate neighbours in the West African sub-region with a view to preventing illegal migrants, smuggling and currency trafficking. The Federal Military Government will therefore continue to maintain

good relations with all our immediate neighbours. We will continue to work for the achievement of permanent peace in Chad. With the admission of the Saharawi Arab Democratic Republic (SADR) into the Organization of African Unity, we will watch, with keen interest, the peace process in the Western Sahara. Our commitment to the total eradication of racism and apartheid remains unshakable, and we will continue to work towards the achievement of Namibia's independence.

On the global scene, Nigeria will remain an active member of the United Nations, the Organisation of Petroleum Exporting Countries (OPEC) and the Commonwealth. The Federal Military Government will also continue to strengthen bi-lateral relations between Nigeria and her major trading partners throughout the world.

TRANSPORT AND AVIATION

The Federal Military Government will continue to pursue its policy objective of developing and providing reliable and efficient transportation systems by rail, road, water and air. To this end, a sum of two hundred and eighty three million one hundred and seventy thousand four hundred and eighty nine Naira has been allocated to this Sector. This is about 4.9% of the total Capital Estimate for 1985.

Dredging the River Niger to make it more navigable will be continued. The Dockyard Project Development started for Lagos, Burutu and Port Harcourt which are now at advanced stage should be completed in 1985. More navigation aids at the airports will be provided to ensure that Nigerian airspace is as safe as possible. Also, priority will be given to the development of high level manpower for the specialised and sophisticated services associated with the aviation industry. To increase the revenue of the Nigerian Railway Corporation and save our roads from deterioration, this Administration requires all public sector agencies and parastatals to patronize the railways in the transportation of bulky goods and industrial materials.

WORKS AND HOUSING

The Federal Military Government will continue to maintain the network of roads some of which have deteriorated. In addition, a few key highway projects undergoing construction will be completed. At the same time, maintenance of public buildings, machinery and equipment and other capital assets will be given higher priority.

Meantime, the Federal Military Government has decided to transfer, with effect from 1st January, 1985, the Federal Fire Service from the Federal Ministry of Internal Affairs to the Federal Ministry of Works and Housing.

Government will get out of direct financial involvement in housing construction other than for its workers. The thrust of policy with regard to housing will be to open up areas through the provision of access roads and serviced lay-outs to enable private organisations and individuals to develop

houses for their residential, industrial and commercial uses. The Federal Mortgage Bank is being reorganised and will henceforth, be required to concentrate its assistance to workers especially those in low-income groups.

POLICE

In pursuance of our Policy to improve the overall efficiency of the Nigeria Police Force, this Government will continue to wage war on organised crimes notably armed robbery, currency trafficking and drug peddling. To match modern weapons used by armed criminals in the country, sophisticated and highly reliable firearms and telecommunication equipment will be provided for the Police Force to continue the present progressive steps embarked upon since the inception of this Administration in protecting life and property. More emphasis will be placed on the training and retraining of Police personnel to give greater effectiveness and improve expertise in crime detection and maintenance of law and order. Provision of accommodation will be given priority in the welfare programme for the Police. Well equipped and modern operational computers will be installed. In order to generate better understanding and co-operation of members of the public, Police/civilian committees have been established throughout the country thus giving members of the public opportunity to air their views and to have a say in the work of the Police.

PUBLIC COMPLAINTS COMMISSION

In 1985, the Public Complaints Commission plans to establish 5 Area Offices in each State of the Federation with a view to ensuring that the Commission's services reach the grassroots, particularly the citizens in the remotest rural areas of the country. Qualified and experienced personnel will be recruited to handle the publicity work of the Commission in all the State Branch Offices. The objective is to ensure that every aggrieved citizen of this country is given access to the services of the Ombudsman.

INFORMATION AND SOCIAL DEVELOPMENT

There is clear evidence that the War Against Indiscipline (WAI) has achieved a reasonable measure of success. It is intended to intensify the campaign in 1985 with the launching of the 4th phase which will be War Against Corruption and Economic Sabotage. I need not remind you that the programme and campaign for national consciousness and mobilization is a continuous one to achieve a social reorientation of our people and to build a new society. It is expected that 58 new sub-centres for public enlightenment will become operational in 1985.

The Youth are the foundation of a better future for our nation, 1985 is the International Youth Year and Nigeria will participate actively in festivities to mark the occasion.

DETAINEES

In furtherance of our policy that no person will be kept in detention longer than necessary, the Federal Military Government has ordered

the release of 144 detainees. In addition a total of 2,407 prisoners have been granted amnesty and will be freed. Further details will be given by the Supreme Headquarters. Every effort is being made to expedite the investigations into the activities of persons still in detention. Those who have a case to answer and on whom investigations have been concluded will be sent before the Special Military Tribunals promptly.

CONCLUSION

Fellow Nigerians, 1985 will be a year in which the economy can start to recover. The Government is aware that life has been difficult in 1984. The recession which started since 1981 is not yet over. Our achievements in 1984, have to be sustained and improved upon before the economy can recover. The economy continues to suffer from the problems of low production, scarcity of essential commodities, unemployment and inflation.

However, the lesson, from our experiences on the issue of essential commodities in 1984 is that our people must learn to be more resourceful and innovative in the use of local resources, whether of food or raw materials. The Federal and State Governments will ensure strict financial discipline and efficient use of resources. The Government is doing its best for you. We request you also to do your best so that together we can pull our country out of its difficulties.

Public servants must demonstrate greater awareness of their responsibility to the Administration and improve on their performance in the New Year. Commitment, public accountability, integrity and discipline are requirements in the public service on which this Administration will not compromise. This country deserves dedication, loyalty and patriotism from all its people and, in particular, those who have chosen to work in the public service. This Administration is dedicated to service and sacrifice to this country. We continue to require your co-operation.

The Administration thanks the large number of Nigerians who have offered advice to the Government either by direct communication or through the press. We also thank those who have accepted part-time assignments in aid of our country. I assure you that the Government considers public opinion and contribution vital to its success.

I would like to thank officers and men of the armed and uniformed services for their dedication to the leadership of Nigeria and sharing in the general sacrifice and collective effort to get Nigeria back on the path of prosperity.

A Happy New Year to you all, and May God be with us.