BEING THE LEAD DEBATE BY THE LEADER OF THE HOUSE OF REPRESENTATIVES, FEMI GBAJABIAMILA AT THE SECOND READING OF THE 2017 APPROPRIATION BILL ON THE FLOOR OF THE HOUSE OF REPRESENTATIVES ON THE 24TH DAY OF JANUARY, 2017

Mr Speaker because this is a debate on the merits and demerits of the Appropration Bill, I will not go into the minute details and sectoral figures or allocations. Will leave that for the committees to deal with.

What am going to try to do is try to paint a picture or tell a story of where we are coming from, where we are and where this budget intends and hopes to take us.

Prior to now, we ran successive budgets averaging 4trillion Naira at a time when this country was earning far more than it is now at 100 to 120 dollars a barrel. The last 2 budgets of this administration have upped the ante to 6 to 7trillion at a time when oil dropped to 30 dollars and rose to 50 dollars. This is ambitious but ambition is the precursor to success.

Prior to this time, capital allocation in our yearly budget was way below 30 percent and now this administration has raised it to over 30 percent.

Before now, budget performance has been about 30 percent but somehow with little resources available, this administration hovers around the mid 50s range in terms of budget performance.

We are not there yet 50 percent is not even good enough but its important to know where we were coming from to understand where we are and are going. That's the story of this administration.

How has this administration been able to achieve this. Very simple. Its blocked leakages, aggressively pursued and broadened its tax base and collection, introduced reforms such as TSA, Zero based budgeting and eliminated ghost workers.

Recession is a word that describes the downward turn in a country's economy. Nigeria has been hit as has many oil producing countries. This budget seeks to reboot the economy with a massive dose of capital injection and payment of local debts to contractors which will help stimulate and reflate the economy. The government continues to lay emphasis on diversification of the economy particularly in the areas of agriculture and solid minerals. There is hope for the manufacturers as power ministry is allocated a substantial part of the budget.

Hon Colleagues it is because of these reasons that this budget has been christened Budget of Recovery and Growth. The choice of words were deliberate and carry significant meaning. We are recovering from an economic downturn and press forward towards economic growth. The global GDP growth rate is expected to rise to 3.4 % in 2017 and is one of the reasons this budget is tagged budget of growth. The budget is in line with the new Economic Recovery and Growth Plan which will be launched very soon.

Hon Colleagues this budget is designed to expand and strengthen public/private partnership, focus on and complete ongoing infrastructural projects such as roads, rail, power , ICT that can affect the economy positively.

It ensures food security and expand the agriculture value chain.

It establishes a Social Housing Fund for a more robust mortgage system.

It protects and grows small and medium scale enterprises for the purposes of innovation, job and wealth creation.

Like 2016 it provides safety nets for the poor and vulnerable.

Lets talk about the key assumptions

Oil Production is pegged at 2.2 mbpd

Benchmark is $42.5 d/b

Exchange Rate is at ~~$305.~~ N 305 per dollar.

REVENUE PROJECTION

Based on the key assumptions, the 2017 Budget presumes a FG revenue of 4.94 Trillion which is 28% more than the 2016 projection. Of this amount, oil is expected to supply 1.98 trillion and non oil 1.37 trillion.

EXPENDITURE

The budget expenditure is 7.298 trillion compared to last year's budget 6.06 trillion. A 20% increase.

419 billion will go to statutory transfers, 1.66 trillion for debt service, 177 billion to a sinking fund for retirement of maturing bonds, 2.98 trillion to non debt recurring expenditure and 2.24 trillion to capital expenditure .

DEFICIT

The budget deficit for this year's budget is 2.36 trillion, which is 2.18 % of the GDP.

To finance the deficit, government proposes to borrow 1.06 trillion from external sources and 1.25 domestic borrowing.

So clearly this budget has been put through a lot of thought processing and professionally designed to achieve recovery and growth.

However let me hasten to add that this is not a perfect document. There are areas I believe this budget has some shortages and deficit. One would like to see more funds injected into the Sovereign Wealth Fund, appropriation for the fixing of our refineries for optimization, reduction in overheads and recurrent expenditure. It is time for this House to revisit the Oronsanye and Ahmed Joda Reports on the merger of government agencies so as to reduce cost of governance and free up more money from capital expenditure at a minimum of 40%.

CRITICISM

Tourism –needs more money to help in diversification.

Fixing of refineries for optimization

Transport-most important in economic recovery

Thank you

Femi Gbajabiamila