

OYO STATE COUNCIL FOR ARTS AND CULTURE

CULTURAL CENTRE ROAD, MOKOLA,
IBADAN NIGERIA

ARCHIVES

FILE NO.	VOLUME NO.
SUBJECT: WESTERN NIGERIA DEVELOPMENT CORPORATION	
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Telephone: IBADAN 62810-62812

Western State Agricultural Investment Corporation

(A STATUTORY ORGANISATION OF THE WESTERN NIGERIA GOVERNMENT)

Telegram, Cables: AGRINVEST, IBADAN

OUR REF: AF/C.4/7/Vol.III/122

YOUR REF:

PRIVATE MAIL BAG 5085

FLOORS 17-19,
COCOA HOUSE
IBADAN

8th April, 1975

The Secretary to the Military Government
and Head of Service,
Office of the Military Governor,
Agodi,
IBADAN.

Letter of Strictures

May I refer to your letter No.SP/C.172/141 dated 17th March, 1975, conveying to me the general impression of His Excellency and that of the Members of the Treasury Board when the Corporation appeared before the Treasury Board recently. The charges levelled against the Corporation in the letter are to the effect that :-

- (a) the Corporation had not approached its task with dynamism;
- (b) the Corporation had not availed itself of the numerous opportunities available to tackle effectively the major problems confronting it; and
- (c) that a lot of issues demanding quick and urgent decisions had been allowed to drift aimlessly during the year.

This letter was placed before the Board of the Corporation at its meeting held on 2nd April, 1975. The Board directed that the wrong impressions which had been given to His Excellency and the Members of the Treasury Board be corrected immediately.

2. Soon after the new Corporation came into force, letter No. A/C.536/1/Vol.3/48 of 31st October, 1973 (Appendix I) was addressed to the Office of the Military Governor on the assignment of assets and liabilities of the Western Nigeria Development Corporation to the Western State Agricultural Investment Corporation and the Western State Industrial Investment and Credit Corporation. This letter was a follow-up of an earlier meeting held with the Permanent Secretary, Office of the Military Governor, when we asked that the basis of the sharing of assets be reconsidered.

3. By letter No.SP/C.123/40/368 dated 21st October, 1974 (attached as Appendix 2) the Secretary to the Military Government and Head of Service instructed the Economic Projects Performance Unit to undertake an urgent review of the assignments of assets and liabilities by the Shoga Committee as between the Industrial Investment and Credit Corporation and the Agricultural Investment Corporation. Up till the time of writing, the report has not been submitted and, therefore, the inequity of the previous share of assets which has resulted in incapacitating the performance of Agricultural Investment Corporation has not been removed.

4. Attached .../2.

4. Attached as Appendix 3 is a letter No .A/C.92/1 of 18th March, 1974 addressed to the Office of the Military Governor on the subject of Equity and Loan Capital of the Western State Agricultural Investment Corporation. The letter dealt with the need to reconstruct the ratio between the Corporation's Equity and Loan Capital, the reassignment of loans as between the Western State Agricultural Investment Corporation and the Western State Industrial Investment and Credit Corporation, the share of accrued dividends from the associated companies, and the re-assignment of staff quarters. The letter ended with a submission that a Committee comprising of a representative of the Office of the Military Governor, a representative of each of the Ministry of Finance, the Industrial Investment and Credit Corporation, the Agricultural Investment Corporation and the Economic Projects Performance Unit be set up to examine all the issues raised and to make suitable recommendations for the consideration of the Office of the Military Governor.

5. On 14th March, 1974, letter No .A/C.51/9 was addressed to the Office of the Military Governor. This letter contained the Corporation's recommendations for the appointment of Nominee Director (Appendix 4). Following up the matter, letter No .A/C.51/13 dated 29th May, 1974 (Appendix 5) was addressed to your Office as a second reminder. This second reminder emphasized the need for your early approval to be obtained and forwarded to the Corporation. Up till now, no approval was given to our recommendation and hence we are incapacitated in exercising supervisory authority over the associated companies.

6. Letter No AF/C.1/16/209 dated 1st July, 1974 (Appendix 6) was addressed to the Office of the Military Governor seeking the approval of the Executive Council to accord the Corporation general borrowing powers to cover soft overdraft facilities from commercial banks to the tune of N100,000. This procedure is required to be complied with under the law. The Secretary to the Military Governor and Head of Service replied in his letter No .SP/C.172/63 of 9th July, 1974 (Appendix 7) explaining that the Corporation should submit a draft Executive Council Memorandum on the subject. The required draft Exco. Memorandum was forwarded to the Office of the Military Governor under cover of our letter No .A/C.15/60 of 8th August, 1974 (Appendix 8). At a subsequent meeting held with the staff of the Corporation by the Office of the Military Governor, the overdraft requirement of the Corporation was amended to N500,000. Up till now, the Exco. Memorandum has not been taken by the Executive Council.

7. In addition to the Exco. approval sought above to enable the Corporation to obtain finance for its normal operations, approaches have been made to commercial banks for accommodation. Attached, please find a letter (Appendix 9) dated 6th March, 1975 addressed to the Corporation by the Manager, Standard Bank Nigeria Limited, in which the bank approved the Corporation's application for an increase in its overdraft facility from N100,000 to N200,000. Attached also as Appendix 10 is a letter No .WMB/IB/X/2285/Vol.1/6 of 28th September, 1974 addressed to the Corporation by the Wema Bank Limited approving the Corporation's application for an overdraft facility of N20,000. It will be noted that the terms attaching to the approval are completely unsatisfactory. Wema Bank tied the overdraft facility to six months duration at an interest rate of 10% per annum. The Standard Bank Nigeria Limited's facility carries an interest rate of 7% without any further string attached. As a furtherance of this effort, an approach has been made to the National Bank of Nigeria

for a loan of N400,000 and an overdraft of N100,000. Attached as Appendix 11 is the reply from the National Bank to the effect that it is not the policy of the Bank to grant loan or overdraft for a period of 12 months. Following an approach made to us recently by Barclays Bank of Nigeria Limited, the possibility is being investigated of making use of facilities available in the Bank to finance the Corporation's agricultural and agro-industrial projects. Attached for your information (as Appendix 12) is a copy of our most recent letter No. AF/C.1/16B/10 of 4th March, 1975 to the Bank.

8. When we felt that there was undue delay in the handling of matters relating to the Corporation by the Office of the Military Governor, the Board sought an interview with the Secretary to the Military Government and Head of Service on 27th August, 1974. On 23rd September, 1974, however, the S.M.G. and H.S. invited the Board for a discussion on the approach which NIPOL Limited had made to him on the release of the Corporation's land at the Mechanical Workshop yard. At that meeting, the Corporation seized the opportunity to remind the S.M.G. and H.S. of the previous meeting which the Board had with him. He expressed regret for the fact that the Assistant Secretary in his Office who covered the meeting was unable to produce an intelligible record of the proceedings of the meeting. For this reason, he had not been able to follow up decisions taken at that meeting. Thereafter, the Corporation arranged for the minutes of the meeting to be written, and attached as Appendix 13 is a copy of our letter No. A/C.92/60 of 11th October, 1974 under cover of which the minutes of the meeting which the Board held with the S.M.G. & H.S. on 27th August, 1974 was forwarded. The letter highlighted the various issues which were still outstanding at that time.

9. Before its dissolution, Western Nigeria Development Corporation was a distributor for Elephant Cement manufactured by the West African Portland Cement Company Limited in which the Corporation was a shareholder. The rationale behind the application for distributorship was essentially to enable the Corporation to obtain cement on easy terms for the prosecution of its capital works on the various plantations. After the creation of the Western State Agricultural Investment Corporation however, the cement distributorship was withdrawn from the Corporation and transferred to the Industrial Investment and Credit Corporation. Since then, the Corporation had found it very difficult to obtain its cement requirements since I.I.C.C. had to meet a much larger demand. In consequence, an application had been made to Ewekoro Cement and this application had been approved. Attached as Appendices 14 & 15 are the Corporation's application and the reply from the Cement Company. It is necessary to mention here that the Corporation's cheque for N2,530 for the allocation for March, 1975 had been paid to the I.I.C.C. for onward transmission to Ewekoro Cement. The amount of cement that may be allocated to our Corporation from time to time would come through the I.I.C.C.'s allocation. Up to the time of writing, the March allocation has not yet been received thereby causing another delay in executing our projects as shown in the attachment.

10. Early in 1974, the Corporation took steps to examine the possibility of obtaining better terms for the purchase of its petroleum requirements which could achieve a saving of over N14,000 to the Corporation. This is in line with business thinking, but rather than getting a pat on the back for this effort, the Corporation was called sharply to order by the Office of the Military Governor. Attached as Appendix 16 is the letter from the O.M.G.

11. The Ministry of Works and Transport had in our letter No. AG/C.25/278 of 3rd January, 1975 (attached as Appendix 17) been requested to make budgetary provision to enable the tarring of access roads to the Corporation's major plantations to be undertaken during the 1975/76 programme. Attached as Appendix 18 is the reply from the Permanent Secretary, Ministry of Works & Transport, reference No. HW.1144/6 of 26th March, 1975. The Board realised that poor access road caused considerable damage to our vehicles and this prevented quick evacuation of produce with consequent loss of revenue.

12. Another example of the various difficulties in the way of the Corporation in tackling the problems facing it is the question of procurement of planting materials. A firm order was made with NIFOR for the supply of sprouted oil palm seeds for delivery in 1974 and 1975 so that seedlings could be made available for planting in the field in 1975 and 1976. Shortly before the 1974 delivery time, NIFOR informed the Corporation in its letter No. 4155/S.4/418 of 9th January, 1974 (attached as Appendix 19) that the Institute had decided not to supply seeds to Western State Government and its Corporations until the debts due to it by the Ministry of Agriculture and Natural Resources and the Nigerian Joint Agency Limited were settled. This was brought to the notice of the Ministry of Agriculture and Natural Resources in order to effect the settlement of the debts. The matter became protracted and, in consequence, it was not possible for the Corporation to obtain planting materials for the 1974 year. Regrettably, the planting programme for 1975 had to be cancelled. Additionally, the Corporation noticed that germinated seeds which were ordered for 1975 might suffer the same fate. Personal approach, in addition to correspondence, was undertaken with the Federal Ministry of Agriculture which practically coerced NIFOR into agreeing to supply the Corporation's requirement and to take up the Western State Ministry of Agriculture and Natural Resources' indebtedness as appropriate.

13. When the Udoji salary awards was known, the Management of the Corporation examined the implications of the implementation of the awards on the successful operation of the Corporation. A meeting of all Plantation Managers and the Headquarters Management was summoned and a number of recommendations were made, some of which were the short run measures while others were the long term proposals. Subsequently, a comprehensive submission as contained in our letter No. A/C.61/1/54 dated 25th February, 1975 (attached as Appendix 20) was made to the S.M.G. & H.S. This shows that the Management of the Corporation has been very much at alert in grappling with matters affecting the Corporation.

14. Although the law setting up the Corporation enjoined that the Board of the Corporation should meet at least once a month, the Board have found it necessary to hold more than one meeting a month in order to tackle various problems of the Corporation. In all, 29 meetings have been held. In addition, in order to familiarise itself with the physical achievements and problems on each of the projects, the Board undertook a tour of all the projects. Even recently, before the Board considered the Budget proposals submitted by Management, it carried out visits to the projects. This was to enable it assess the progress made so far during the 1974/75 financial year. Undoubtedly, members of the Board had given a lot of their time and attention to the affairs of the Corporation.

15. Having regard to the performance of its Mechanical Workshop and its under-utilization, the Board decided to incorporate the Workshop into a commercial unit so that it can stand on its own. By so doing, it would be

able to attract technical partners for its operation and be able to take on jobs from outside bodies at commercial rates. It would also be able to take advantage of the independence and privileges available to incorporated companies.

16. It would appear that His Excellency had not been properly briefed from time to time on the activities and achievements of the Corporation, particularly in a way that would be easily remembered. In order to give a quick bird-eye view of the Corporation's performance, attached please find :-

- (a) Comparative figures of revenue and production of W.N.D.C. Agricultural projects and W.S.A.I.C. (Appendix 21).
- (b) Performance result of Lafia Canning Factory as between the period when it was under W.N.D.C. Management and the period when it came under the Management of W.S.A.I.C. the management of the Factory had changed hands and the performance during the period of change is also highlighted (Appendix 22).

It will be seen that under W.N.D.C., the total revenue was ₦1,393,449.39 while under W.S.A.I.C. the total revenue was ₦2,648,830.16 which is 90% above that under W.N.D.C. and from the figures given in respect of Lafia Canning Factory the achievement under W.S.A.I.C. has more than double that under the W.N.D.C.

17. The management of the Corporation has kept under constant review the performance of staff at various levels. In order to improve the efficiency in these levels, arrangements have been made for members of staff to attend various In-Service Training courses which are directly related to the requirements of the performance of their duties. Attached as Appendix 23 is a schedule showing the breakdown of the various courses attended. The management is satisfied that the courses attended by staff have manifested in improved performances of the various members of staff.

18. You are aware that at the Treasury Board Meeting, Members criticized the Headquarters charges as being too high. We wish to point out that the Headquarters charges last year was 7% and during the current budget exercise, it was reduced to 6.1% and it was the intention of the Board to be able to reduce this further as soon as the report of the Management Consultant already commissioned to look into the staff strength of the Corporation at Headquarters is submitted. However, the Corporation is taking positive action to examine the staff strength in the Headquarters with a view to making some reduction in the light of the principle enunciated in the attached memorandum which was adopted at the last meeting of the Board held on Wednesday 2nd April, 1975. The mechanics of carrying out the retrenchment exercise is being worked out so as to know the amount of retiring benefits to be paid. The Government had undertaken to provide the fund to pay off the staff to be retrenched. This had strengthened the hands of the Corporation in taking immediate action on this matter.

19. I will also like to enumerate some of the various progressive decisions already taken by my Board to tackle the problems facing the Corporation:-

- (i) Marketing Policy: The Board has adopted a new marketing policy so as to maximize profits as contained in the minutes of the Board held on 22nd August, 1974 and forwarded to your Office on 9th October, 1974.
- (ii) Establishment of Palm Oil Refrinery Factory:
The Board has decided to refine its palm oil by setting up a simple mechanism at Mokola Sales Depot in order to increase the quality of the palm oil so as to be able to earn more revenue for the Corporation as contained in the minutes of the Board held on 17th December, 1974 and a copy of which was forwarded to your Office on 18th February, 1975.
- (iii) Lafia Canning Factory: The Corporation has re-organised the sales arrangement of the Lafia Canning products thus enabling more revenue to be earned. In addition, new lines have been introduced such as tomato puree, cashew juice and fruit salad.
- (iv) Coffee Processing Plant: The Corporation has adopted a proposal during the current budget exercise to instal a small machinery to grind the coffee beans into powder and to be packed into polythene bags for sale. This will fetch about six times the price to be realised if the beans are sold unprocessed. I believe that this is a very dynamic proposal.
- (v) Cashew Factory: The Corporation has just completed the installation of a decorticating cashew processing machinery at the Eleiyele Cashew Factory and this is to be commissioned as soon as it is convenient to His Excellency to agree to a date. When this plant is fully operational, it will enable the Corporation to increase its production by over 300%.
- (vi) Purchasing of Raw Materials: The Corporation has adopted new method of purchasing raw materials to feed the Lafia Canning Factory and Eleiyele Cashew Factory by making use of local contractors and by direct supplies from the farmers to the Factory. Thus the Corporation has been able to overcome a greater part, the perennial problem of lack of sufficient raw materials which has reduced substantially the under utilization of the Lafia Canning Factory plants.
- (vii) Premier Tobacco Company Limited:

As mentioned earlier, the Corporation's recommendation for the appointment of Nominee Directors on the Board of the Premier Tobacco Company Limited has not been approved. Nonetheless, the Board has taken steps to examine the affairs of the company and to make recommendations for its restructure. In this connection, a draft Executive Council Memorandum has been submitted to the O.M.G. vide our letter No.AG.22/1/153 of 14th January, 1975 attached as Appendix 24.

Progress Report for the Period 1st October, 1973
to 30th September, 1974

20. I will like to quote from the document already submitted to E.P.P.U. for the information of His Excellency regarding the performance of the Corporation from 1st October, 1973 to 30th September, 1974:-

'FINANCE DIVISION

1. For the year under review, a total of N3,293,189 worth of sales were made in the Corporation's Plantations, Marketing Depots and Agro-Industries. After allowing for the production cost of N1,719,247, a gross profit of N1,573,942 was made which is about 117% of the target forecast for the period. The total fixed cost consisting mainly of administration expenses, persons emoluments and other indirect expenses amounted to N804,817. If this figure is deducted from the gross margin, a net margin of N769,125 is recorded. After allowing for Headquarters administrative expenses of N411,629 and providing for depreciation and amortization of N54,448, a net profit of N303,048 was recorded for the period of 12 months under review. Annexure 'A' attached herewith shows in detail the performances of each of the Projects supervised and controlled by the Corporation.
2. The net profit of N303,048 so far made was used to finance Capital Expenditure at Headquarters and the Projects as follows:-

(a) Purchase of Vehicles	N63,000.00
(b) Purchase of Office Furniture & Equipment for Headquarters	3,000.00
(c) Repairs and Extension of Oda-Akure Rest House	3,500.00
(d) Construction of Eleiyele Cashew Factory Stores	2,000.00
(e) Installation of Eleiyele Cashew Factory Decorticating machines	11,200.00
(f) Instalmental payments to M.A.N.R. as rent arrears on Ijebu Farm Project	40,000.00
(g) Refund of Vehicle Loan to Agro-Industry Co-operative Thrift & Loan Society	16,000.00
(h) Araromi Rubber Estate Electrification Scheme	57,000.00
(i) Payment of Compensation at Araromi Rubber Estate	70,000.00
(j) Development of Immature Plantations, etc.	<u>134,300.00</u>
	<u><u>N 300,000.00</u></u>

3. It is clear from the above that the Corporation is living from hand to mouth through overdraft as no fund was provided for the Corporation to start off when it was established in October 1973. The Corporation needs a working capital of at least N300,000 and a sum of over N5,000,000 for purchase of processing machinery like palm oil mills, crump rubber machine, fruit canning machine and heavy agricultural equipments like tractor, earthmoving equipment, tankers, caterpillars, etc. The Government policy of leaving the Corporation at the mercy of financial institutions to obtain loans needs to be reviewed. In view of the importance of Agriculture to our economy, reasonable amount of money should be issued to the Corporation as grants,

particularly .../8.

particularly when the new Corporation was called upon to pay arrears of cost of land acquisition of over N160,000 which ought to have been paid by the Government several years ago and a further sum of over N100,000 in respect of land acquired years ago without compensation is still outstanding. It is our belief that the position will not be as it is now if we had been given our due share of the accrued dividend of over N1.5 million paid to Western State Industrial Investment and Credit Corporation alone whereas the two Corporations both worked for the money up till 30th September, 1973. If we could only get about N750,000 from this source, we could increase our revenue substantively as shown below from an extract from a letter written to a commercial bank for a loan:-

"I now submit herewith, a formal application for a loan of N400,000 (Four hundred thousand Naira) for purchases of machinery for the Corporation's Rubber Plantations at Araromi and Remo. Approximately 13,000 acres is planted to-date and 9,495 acres is at present being tapped giving an average yield of 1,200 lbs, rubber per acre of 3,945 tons of rubber annually. The existing processing factories (sheet and crepe factories) at the moment handle about 3,000 tons of rubber per annum, leaving 945 tons of rubber unprocessed and which have to be sold as low grade rubber fetching not more than 4.5k per lb. If 945 tons of rubber which is surplus to the available processing capacity is sold at an average price of 4.5k per lb, revenue derivable will be N95,256.00. If this same quantity is processed and sold at the rate of 15k per lb ex-plantation gate, revenue will be N283,920.00 Processing cost is approximately 1.8k per lb. This in total will cost N38,102.00. If 945 tons of rubber is processed and sold at 15k per lb, ex-plantation gate, additional revenue to the plantation therefore will be N184,162.00. This represents what these plantations lose annually due to lack of adequate processing facilities. It is estimated that the two new factories will cost N400,000.00 and with the present price level for rubber, this loan can be repaid within three years."

The above extract is an eloquent proof of our achievements.

21. Having regard to the foregoing submission, it will be clear beyond doubt that the strictures of lack of dynamism, inability to avail itself of the available opportunities in order to tackle its major problems and inability to grapple with issues demanding quick and urgent decisions which had been levelled against the Corporation are therefore unjustified. As a matter of fact, a lot of the Corporation's problems would have been solved if matters which had been referred to the Office of the Military Governor had been given the attention they deserve and decisions taken on them.

22. I assure you and the Treasury Board that given the necessary tools and incentives to run these plantations commercially and with full co-operation from your office, we are determined to present a better picture at the next budget meeting. If not for the Udoji Salary additions, my Board would have been able to double the amount of net profit to be realised at the end of the financial year just ended. I would like at this stage, to drop a gentle hint of facts that in agriculture we trade with nature and given the co-operation envisaged in this letter and with the provision of capital, nature has to take a hand in the exercise of any agricultural undertaking and so it

cannot be compared with other business organisations. We pray that nature may take kindly to us to help this venture and make the venture a viable economic organ of the State Government.

23. The Board of Directors of the Corporation will appreciate it very much if His Excellency would grant us an interview in order to expatiate further on these matters.

Aden Fadayiro
(Chief E. A. A. Fadayiro),
CHAIRMAN.

ARCHIVE OF OYSG

A/C.556/1/Vol.3/48.

31st October,

The Secretary to the Military Government,
and Head of Service,
Office of the Military Governor,
Agodi,
IBADAN.

Assignment of Assets and Liabilities of
Western Nigeria Development Corporation and Western
State Agricultural & Industrial Investment Credit Corporation

With reference to your letter SP/C.125/40/300 dated 16th October, 1972, I confirm that the recommendations of the Shoga Committee Report, especially paragraphs 4 - 24 on pages 2 - 11, Appendix 1A - 9 thereof are acceptable to us with the following provisos:-

(a) Residential Quarters - Paragraph 15:

Our point of objection has already been made known at a meeting held in your Office and a Committee is already working on the issues raised at that meeting.

(b) Workshop and Stores - Paragraph 14:

The Shoga Committee recommended that the Workshop and Stores and staff of the Western Nigeria Development Corporation Mechanical Workshop be assigned to the Agricultural Investment Corporation subject to the land and buildings already approved for the expansion of Nipol by Western Nigeria Development Corporation be assigned to the Industrial Investment & Credit Corporation. We hold the view that since the whole land known as B.C.G.A. on which the Nipol Factory, the Mechanical Workshop and Stores, the India Ginning Factory are erected, is covered by one Deed of Lease, it will not be necessary to assign to Industrial Investment & Credit Corporation a small portion of land and buildings approved for the expansion of Nipol. It will be tidier if the Agricultural Investment Corporation is assigned the whole land and the buildings and the Corporation can in turn lease whatever portion required by Nipol to that company.

(c) Liquid Assets - Paragraph 18:

The Shoga Committee recommended that the assets as at date of dissolution of Western Nigeria Development Corporation should be shared equally between Agricultural Investment Corporation and Industrial Investment & Credit Corporation would need to be reviewed in view of the fact that more than two-third of the staff of the former Western Nigeria Development Corporation were assigned to Agricultural Investment Corporation while only one-third was assigned to Industrial Investment & Credit Corporation and the agricultural projects are to be managed directly by the Agricultural Investment Corporation while in respect of the Industrial Investment & Credit Corporation all the companies, with the exception of the Pepsi-Cola Project are incorporated companies which are run by technical partners and for which that Corporation receives handsome dividends. Thus, Industrial Investment & Credit Corporation is already assured regular amount of income while this cannot be true of the Agricultural Investment Corporation. It is therefore necessary at

this initial stage for reasonable fund to be put at the disposal of the Agricultural Investment Corporation which is already saddled with large overhead expenses in respect of salaries and allowances. It is our recommendation therefore that this liquid asset be shared in the ratio of 3 to 1 as between the Agricultural Investment Corporation and the Industrial Investment & Credit Corporation if the Agricultural Investment Corporation is not to be a still born baby right from its inception.

2. I regret that these last two points were not raised earlier on for it was our belief that substantial sum of money would be put at our disposal by the Government to put the new Corporation on its feet but our last meeting with His Excellency had made abundantly clear that the new Corporation should not expect any fund from the Government and we have no alternative than to raise at this stage this issue of sharing our liquid assets for your sympathetic review.

Despd
W

31/10/73

(M.K. O'Connell)
General Manager.

ARCHIVED

SP/C.123/40/368

21st October, 1974

Chief O. Thomas,
 Director,
 Economic Projects Performance Unit,
IBADAN.

Assignment of Assets and Liabilities of the
 former W.N.D.C. and J.S.A.I.C.

At the time the former Western Nigeria Development Corporation and the Western State Agricultural and Industrial Investment Corporation were being dissolved to pave the way for the creation of new Corporations, a Committee was set up under the Chairmanship of Mr. P. A. O. Shoga to assign the assets and liabilities of these now defunct Corporations between the new Corporations that were to be created.

2. From the time that the recommendations of the Committee were handed down to the management of both the Western State Industrial Investment and Credit Corporation and the Western State Agricultural Investment Corporation, there have been incessant petitions and protests on various aspects of the assignment of the assets and liabilities.

3. In the face of conflicting claims by the two Corporations, His Excellency the Military Governor has approved that in order to resolve the dispute between the two Corporations, your Unit should be requested kindly to undertake as a matter of urgency a review of the previous assignment of assets and liabilities by the Shoga Committee and submit fresh recommendations.

4. I forward herewith a copy of the Shoga Committee Report, in case you have not already had one, and would be grateful if you would be good enough to set the necessary machinery in motion to comply with the directives of His Excellency the Military Governor.

M. A. Adesigan

(M. A. Adesigan)

for Secretary to the Military Government
 and Head of Service



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Our Ref.No. SP/C.123/40/369

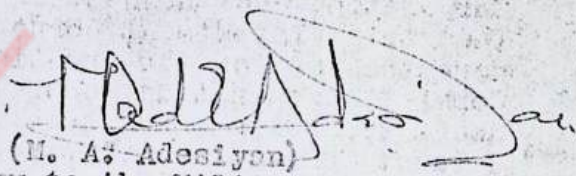
Office of the Military Governor,
Ibadan: 28 October, 1974

Copy to:-

The General Manager,
Western State Industrial Investment
and Credit Corporation,
Ibadan.

The General Manager,
Western State Agricultural Investment
Corporation,
Ibadan.

For information.



(M. A. Adesiyon)
For Secretary to the Military Government
and Head of Service

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SECRET

128
192/12
W.C. 23/28

18th March, 74.

The Secretary to the Military Government
and Head of Service,
Office of the Military Governor,
Agodi,
IBADAN.

Equity and Loan Capital of
Western State Agricultural Investment
Corporation

I attach herewith a copy of the Balance Sheet of the Western State Agric. Investment Corporation as at 1st October, 1973. This Balance Sheet made use of the figures provided by Shoga Committee Report. We have, however, registered our disagreement to some of the Shoga Recommendations which affected this Corporation adversely. When this Balance Sheet was laid before the Board of the Corporation at its meeting held on 12th March, 1974, the Board directed that the Management should take up the question of Equity and Loan Capital of the Corporation with the Government as well as some of other recommendations of the Shoga Report which cannot reasonably be supported on grounds of any sound commercial principle. The issues involved are therefore treated serially below.

(1) Equity & Loan Capital:

It will be noted from our Balance Sheet as at 1/10/73 that the Equity Capital of the Corporation is N3,688,852, while the Loan Capital is N6,148,926. (Western State Government Loan is N4,821,564, Western State Marketing Board Loan is N1,327,362). It would be seen that the ratio of equity capital to loan capital is approximately 2 to 3. This ratio is not satisfactory as it does not conform to normal business operation in that interest chargeable on the loan will create great inroad into the revenue of the Corporation. The normal ratio in business world is 3:1. In the light of this, the equity capital of the Corporation should be N7,378,333.5 and the loan capital to be N2,459,444.5. It is therefore requested that necessary adjustment be made accordingly. It is also requested that the Government should review the rate of interest chargeable on the outstanding loan assigned to this Corporation, in that the gestation period of agricultural investment varies from 8 to 10 years while the gestation period of industrial investment varies from 3 to 5 years. It is therefore within reason to ensure that the ratio of interest chargeable on agricultural loan should be considerably below that which is chargeable on industrial loans. When the loans were issued to W.N.D.C. there was no distinction between loan given for agricultural investment and loan given for industrial investment. It is therefore requested that loan given to Agricultural Investment Corporation be at the rate of 3½%. The Corporation will be taking up this matter directly with the Ministry of Finance as a copy of this letter is being endorsed to the Permanent Secretary, Ministry of Finance.

(11) Loan .../2.

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(ii) Loan assigned to the Corporation by Shoga Committee:

(A) Government Loan:

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It would be seen at para. 7 of Shoga Report that the loan from Government to W.N.D.C. was put at N17,538,442 with accrued interest of N568,794 and the Shoga Committee recommended that the loan be assigned to Western State Industrial Investment & Credit Corporation and Western State Agric. Investment Corporation at the ratio of 12:8 and 9:3 which was the ratio on which the assets were shared. It is our contention that some of these loans were given for specific purposes while others were given for general use. The specific loan should be assigned to where such projects were assigned and it is only the loan given for general use that should be assigned on the basis of assets ratio. Our record shows a breakdown of the loans as follows :-

1. Unspecified loan (before the write off) ...	N11,480,400.
2. Agricultural Projects ...	546,250.
3. Industrial Projects ...	3,114,773.
4. Premier Hotel ...	2,052,553.
5. Utagba Rubber Estate (Mid-West)	147,000.
6. Provision for Public Services	54,000.
	<u>N17,394,976.</u>
	=====

The details of agricultural loans are

1. Nigeria Sugar Company, Bacita	N200,000.
2. Ilushin Rubber Estate Ltd.	248,750.
3. Premier Tobacco Company Ltd.	97,500.
	<u>N546,250.</u>
	=====

The details of industrial loans are

1. Nigeria Textile Mills, Ikeja	N300,000.
2. Nigeria Electronic Limited	22,800.
3. Dunlop (Nigeria) Limited	600,000.
4. Asbestos Cement Product Limited	210,000.
5. West African Breweries Ltd.	6,667.
6. Vono Products Limited	56,100.
7. Nipol Limited	60,000.
8. Guinness (Nigeria) Ltd.	200,000.
9. Lepetit (Nigeria) Limited	13,500.
10. Vegetable Oils (Nigeria) Limited	680,000.
11. Wrought Iron (Nig.) Limited	340,135.
12. Nigeria Shoe and Rubber Products Ltd	325,571.
13. Nigersol Construction Co. Ltd.	900,000.
	<u>N3,114,773.</u>

Less: Nigerian Water Resources payment on account of loan to the Treasury

	663,689.
	<u>N2,451,084.</u>
	=====

The position of Government Loan to W.N.D.C. as at 31st March, 1972 are as follows :-

Outstanding balance	N15,734,672.
<u>Less amount authorised to be written off by various Executive Council decisions as a result of creation of Mid-West State and Dr. Ola's Report</u>	<u>10,450,742.</u> <u>5,283,930.</u>
Add second account paid by the Treasury on Premier Hotel	<u>1,660,303.</u>
	N6,944,233.

This amount includes the previous sum of N392,250 paid by Government on behalf of Premier Hotel, thus the breakdown of the Government Loan as allocated to specific projects and unspecified allocations are as follows :-

Agricultural Investment Corporation	N546,250.
Industrial Inv. & Credit Corporation	2,451,084.
Remo Rubber Plantation	656,890.
Premier Hotel	2,052,552.
Unspecified	<u>1,237,456.</u>
	N6,944,233.

It is therefore submitted that the balance of unspecified loan of N1,237,456 should be the amount to be assigned in the ratio of which assets were shared when loan for agricultural products should go to Western State Agric. Investment Corporation and loan for industrial projects should go to Western State Industrial Investment and Credit Corporation, while Premier Hotel loan should go to the Government and loan for Remo Rubber Plantation should go to the Ministry of Agric. and Natural Resources. It will be greatly appreciated if this question of loan is reviewed in the light of above submission.

(B) Marketing Board Loans:

We will like to refer to a sum of N1,327,362 which represents our share of the outstanding loan from the Western State Marketing Board which is made up of principal and interest. It is submitted that the Agric. Investment Corporation should not be assigned any of these loans in view of the fact that the loan was originally and specifically given to Nigersol Construction Company Ltd. and the Nigerian Water Resources Development Ltd. The Shoga Committee should have assigned these loans to Industrial Investment and Credit Corporation, particularly when the Nigersol had been liquidated and it is the Industrial Investment and Credit Corporation that is realising the assets of the company with assistance of a Liquidator. The Liquidator had paid to the Industrial Investment & Credit Corporation certain amount realised from the proceeds of the liquidation and Agric. Investment Corporation did not benefit from that payment. The Nigerian Water Resources Development Limited is still an associated company of Industrial investment & Credit Corporation and therefore the whole of the loan that was granted to the Nigerian Water Resources Development Ltd. should be assigned to the Industrial Investment and Credit Corporation. The Corporation is therefore rejecting liability for the loans from Western State Marketing Board.

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(Aii) Accrued Dividends:

As paragraph 23 of Shega Committee Report, it was stated specifically that accrued dividends due to the defunct W.N.D.C. be taken by Industrial Investment and Credit Corporation. We cannot find any reason to support the recommendation in view of the fact that all accrued dividends up to 31st March, 1974 would have accrued to W.N.D.C. if it has not been dissolved and the Estimates of W.N.D.C. was based on revenue to be derived from agricultural products as well as dividends from industrial companies up to 31st March, 1974. It is also the practise that dividends for preceding year are always declared in the following year which means that dividends which had accrued up to 31st December, 1973 would only be declared in 1974 and such dividends should be shared in the same ratio as the assets were shared between I.I.C.C. and A.I.C. It should be realised that revenue from agricultural products from 1st April, 1973 to 31st September, 1973 were expended by both I.I.C.C. and A.I.C. before the dissolution of W.N.D.C. Why then should dividends which had accrued to W.N.D.C. before the dissolution should be passed on to I.I.C.C. alone? It should also be realised that in view of indiginization decree, a lot of reserves that were built up by the companies in the past are now being paid as dividends and A.I.C. should also benefit from this bonanza in that the staff of the two Corporations both produced such result. From the information available to us, the amount of accrued dividends which ought to be shared by the two Corporations amounted to N1,522,582 paid by the following companies for the period stated against their names:

Critical Hope Limited	N170,000	Up to 31/12/73.
Asbestos Cement Co.	176,000	-do-
Guinness (Nig.) Ltd.	260,000	"
West African Portland Cement Company Ltd.	653,000	"
Vono	37,500	"
NIFOL	49,482	"
Niger Biscuit	30,000	"
Dunlop (Nig) Ltd.	135,000	"
Tower Aluminium	11,600	"
	<u>N1,522,582</u>	
	=====	

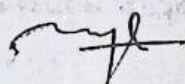
Portion of the dividend attributable to the two Corporations for the period of 1st January to 31st September, 1973 is therefore N1,141,936.50 and amount due to A.I.C. is therefore half of this sum which is N570,968.25. It is submitted that this recommendation should be reviewed to do justice to the Agric. Investment Corporation. The Government should not start the Corporation off as a pauper Corporation, particularly when there is no fund to be issued to A.I.C. by the Government and the Government is aware that we need substantial sum of money to buy oil mill and rubber processing machineries as outlined in our letter No.A/C.15/30 of 5th March, 1974 addressed to the Permanent Secretary, Ministry of Finance, a copy of which is attached.

(iv) Assignment of Staff Quarters:

We have earlier on submitted our objection to the proportion in which the quarters were assigned to the two Corporations and a meeting scheduled to discuss this matter has continued to be postponed owing to unavoidable circumstances. For

avoidance of doubts, we like to reiterate here that the criterion used by Shoga Committee in deciding that a quarter occupied by an officer should go to the Corporation to which the officer is assigned is basically wrong as the quarters ought to have been assigned in the proportion of senior staff in each Corporation who are entitled to quarters and are based at Ibadan and Ikeja where the quarters are situated. If this reasonable proposition is acceptable, the A.I.C. should have more quarters allocated to it than the I.I.C.C. because the A.I.C. has 41 senior officers and 123 junior officers, making a total of 164, while the I.I.C.C. has 26 senior officers, 98 junior officers, making a total of 124, at the date of the dissolution of the W.N.D.C. It is very unfair when it is known that 35 staff quarters were allocated to I.I.C.C. while only 15 quarters were allocated to A.I.C. In view of the reasons given above, it is submitted that the quarters should be allocated at the ratio of 41:26 or that the quarters be allocated as proposed in the attached Annexure 'A' based on the facts depicted on attached Schedules 1 - 4 which endeavour to assign the quarters almost equally.

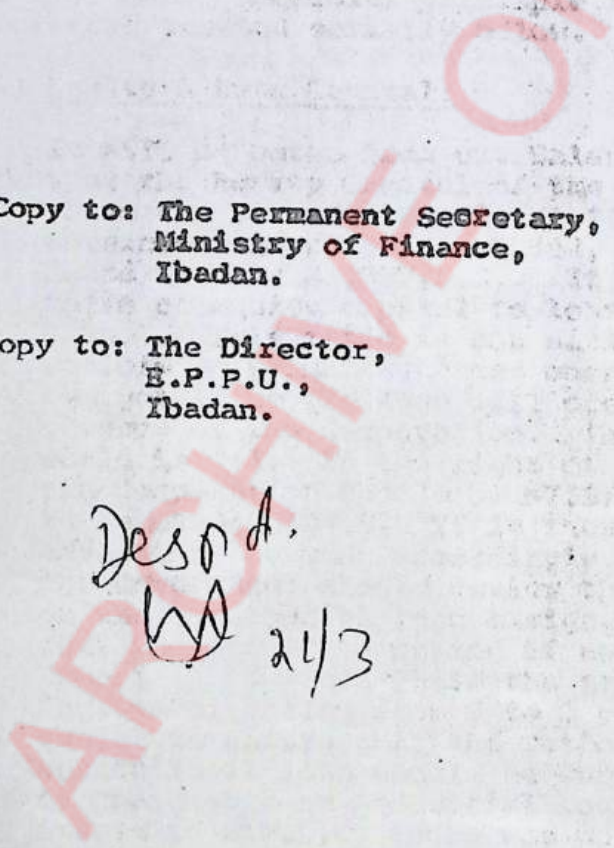
2. Finally, we would like to suggest that a high powered Committee be set up comprising of a representative from your Office, a representative from the Ministry of Finance, a representative from the I.I.C.C. and a representative each of the A.I.C. and E.P.P.U. to examine all the issues raised above and to make suitable recommendation for your consideration.


(M.I. Owoeye),
GENERAL MANAGER.

Copy to: The Permanent Secretary,
Ministry of Finance,
Ibadan.

Copy to: The Director,
E.P.P.U.,
Ibadan.

Desord.
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WESTERN STATE AGRICULTURAL INVESTMENT CORPORATION

PROFORMA BALANCE SHEET AS AT 1ST OCTOBER, 1973

	<u>Schedule</u>		
	<u>No.</u>	R	R
CAPITAL			3,829,320 *
<u>Long Term Loan</u>			
Western State Government	1		4,821,564
Western State Marketing Board	2		1,327,362
W.H.D.C. C. T. & L. S. Loan			<u>34,111</u>
		TOTAL =	<u><u>₹10,012,357</u></u>
 <u>REPRESENTED BY:</u>			
<u>FIXED ASSETS</u>			
Buildings at cost		164,701	
Less: Depreciation		<u>109,757</u>	
	3		54,944
Motor Vehicles		53,852	
Less: Depreciation		<u>46,974</u>	
	4		6,878
<u>ASSOCIATED COMPANIES:</u>			
Investments in and Loans to Associated Companies	5		862,886
<u>OTHER INVESTMENTS:</u>			
Agricultural Projects	6	8,582,658	
Industrial Projects	7 (a)	270,434	
Marketing Depots	(b)	<u>26,644</u>	
			8,879,736
<u>CURRENT ASSETS:</u>			
Workshop Stores		33,324	
Cash and Bank Balance		<u>174,589</u>	
	8		<u>207,913</u>
		TOTAL =	<u><u>₹10,012,357</u></u>

Notes:

* The Capital figure of ₹3,829,320 represents the balancing figure of assets and liabilities taken over.

Wale:

LIABILITIES OF WESTERN NIGERIA DEVELOPMENT CORPORATION
TAKEN OVER BY WESTERN STATE AGRICULTURAL INVESTMENT COR-
PORATION IN RESPECT OF WESTERN STATE OUTSTANDING LOAN.

Western State Government Loan		#17,538,442
Interest on Western State Government Loan		5,568,794
		23,107,236
Less: (i) Amount written off vide Dr. Ola's Report	#10,340,742	
(ii) Repayment of	25,000	
(iii) Premier Hotel	1,884,304	12,250,046
		10,857,190

Sharing of the Liabilities in the ratio of 12.8:9.3 between

(a) W.S.I.I.C.C.	$\frac{12.8}{22.1} \times \frac{10,857,190}{1} =$	6,288,328
(b) W.S.A.I.C.	$\frac{9.3}{22.1} \times \frac{10,857,190}{1} =$	4,568,862*
		#10,857,190

NOTE: Ratio of division as per para.7 of the Shoga Report which was based on ratio of the value of assets taken over by each of the Corporations.

LIABILITIES OF WESTERN STATE AGRICULTURAL INDUSTRIAL
INVESTMENT CORPORATION TAKEN OVER BY WESTERN STATE
AGRICULTURAL INVESTMENT CORPORATION.

Western State Government Loan		#3,325,954
Western State Marketing Board Loan		2,400,000
Standard Bank (Nig.) Limited		340,000
Current Liabilities.		1,262,404
		#7,328,358

Sharing of the Liabilities in the ratio of 7:15 :150 :200 between.

(a.) W.S.I.I.C.C.	$\frac{.7}{4.35} \times \frac{7328.358}{1} = \frac{5,129,850.6}{4.35} =$	#1,179,276
(b.) W.S.A.I.C.	$\frac{.15}{4.35} \times \frac{7328.358}{1} = \frac{1,099,253.70}{4.35} =$	252,702 *
(c.) W.S.A.C.C.	$\frac{1.5}{4.35} \times \frac{7328.358}{1} = \frac{10,992,537.0}{4.35} =$	2,527,020
(d.) W.S.Govt.	$\frac{2.00}{4.35} \times \frac{7328.358}{1} = \frac{14,656,716}{4.35} =$	3,369,360
		#7,328,358

Ratio of division is in proportion of the assets assigned to each of the Corporations and the Office of the Military Governor. (Para.9 of Shoga's Report).

SUMMARY OF LIABILITIES TAKEN OVER.

(i) W.N.D.C. Govt. Loan		#4,568,862*
(ii) W.S.A.I.I.C. " "		252,702
		#4,821,564*

Schedule 2

LIABILITIES OF WESTERN NIGERIA DEVELOPMENT CORPORATION TAKEN OVER
BY WESTERN STATE AGRICULTURAL INVESTMENT CORPORATION IN RESPECT OF
WESTERN STATE MARKETING BOARD OUTSTANDING LOAN

Loan	N2,220,000
Interest thereon	<u>934,268</u>
TOTAL	<u>N3,154,268</u> =====

Sharing of the liabilities in the ratio of 12.8 : 9.3 between

(i) W.S.I.I.C.C.	$\frac{12.8}{22.1}$	x	$\frac{3,154,268}{1}$	=	N1,826,906
(ii) W.S.A.I.C.	$\frac{9.3}{22.1}$	x	$\frac{3,154,268}{1}$	=	<u>N1,327,362 *</u>
					<u>N3,154,268</u> =====

NOTES:

(i) Ratio of division is as per paragraph 7 of Shoga's Report which was based on the ratio of the value of assets taken over by each of the Corporations (See Appendix 5 and 6)

* (ii) As reflected on Balance Sheet.

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Schedule 3

LIST OF QUARTERS ASSIGNED TO WESTERN STATE AGRICULTURAL
INVESTMENT CORPORATION (Appendix 3 and Paragraph 13 of Shoga's Report)

NUMBER AND LOCATION	COST	DEPRECIATION TO DATE	WRITTEN
			DOWN VALUE 31/3/73
	£	£,	£
1. JR. 3 Akinola Maja Av. Jericho, Ibadan	6,498	4,934	1,564
2. JR. 8 - do -	12,732	8,119	4,613
3. JR. 9 - do -	14,905	9,530	5,375
4. JR. 10 - do -	13,933	8,764	5,169
5. JR. 11 - do -	11,748	7,485	4,263
6. JR. 16 Bale Akintayo Road, Ibadan	10,973	5,487	5,486
7. JR. 21 - do -	6,028	4,581	1,447
8. JR. 22 - do -	6,938	5,222	1,716
9. NR. 27 Olumuyiwa Jibowu Crescent, New Reservation, Ibadan	5,508	3,965	1,543
10. NR. 30 Kobiowa Crescent, Ibadan	18,760	12,006	6,754
11. NR.- 32 -do- *			
12. EL. 35 Eleiyele Waterside Ibadan (old Eleiyele Building)	29,442	23,571	5,871
13. LH. 36 Lafia Hotel, Moor Plantation, Ibadan	7,801	5,772	2,029
14. LH. 42 - do -	8,473	5,084	3,389
15. No. 1 Bolaji Close, Apata, Ibadan	10,952	5,257	5,695
16. Workshop and Stores Buildings	10	-	10**
TOTAL	£164,701	£109,757	£54,944

* Transferred to Government Loan account as recommended in Dr. Ola's Report.

NOTES:

* (i) NR.32 Kobiowa Crescent was taken over by the Western State Government.

** (ii) A normal value of £10 was placed on the Workshop and Stores buildings. The valuation of this property is left out in both Reports of Messrs Oyediran, Faloye, Oke and Co, and the Shoga Committee.

LIST OF VEHICLES ASSIGNED TO WESTERN STATE AGRICULTURAL INVESTMENT CORPORATION (Appendix 4 of Shoga's Report)

<u>Type</u>	<u>Registration Number</u>	<u>Date of Purchase</u>	<u>Cost</u>	<u>Depreciation</u>	<u>Net Book Value</u>
			₤	₤	₤
Lorry	WA. 4164	June, 1965	2,104	2,102	2
"	WA. 8587	Aug., 1960	5,810	5,808	2
Low Loader	WA. 8902	Sept., 1960	8,500	8,488	2
Water Tanker	WAA. 1235	Jan., 1968	1,936	1,934	2
" "	WAA. 1348	Dec., 1968	6,134	6,132	2
Car	LO. 8249	Feb., 1969	2,984	2,982	2
Mercedes Benz	WAA. 9968	May., 1971	5,024	3,350	1,674
Car	WAB. 7445	May., 1972	3,906	1,302	2,604
Peugeot Van	WAB. 8089	July, 1972	2,826	942	1,884
Motor-cycle	WAB. 7465	May, 1972	1,044	348	696
Lorry	WAA. 156	Oct, 1965	5,736	5,734	2
Motor-cycle	WAW. 203	1967	716	714	2
"	WAX. 933	July, 1967	720	718	2
Oil Tanker	WAA. 3496	Feb., 1969	6,412	6,410	2
		TOTAL	₤53,852	₤46,974	₤6,878
			=====	=====	=====
Land Rover	WAA 6783		959.33	955.33	2.00

NOTE:

Above are Headquarters vehicles assigned to the Corporation. The list excludes vehicles based at the projects.

AJ43
AJ43

INVESTMENTS AND LOANS TO ASSOCIATED COMPANIES OF WESTERN NIGERIA
DEVELOPMENT CORPORATION ASSIGNED TO WESTERN STATE AGRICULTURAL
INVESTMENT CORPORATION

A.	<u>Investment</u>	<u>Valuation</u>
	Nigerian Sugar Company Limited	₦ 53,682
	Premier Tobacco Company Limited	10
	Ilushin Rubber Estate Ltd.	361,534
	Waterside Rubber Estate Limited	147,000
		<u>₦562,226</u>

B.	<u>Add Loans</u> -	
	Ilushin Estate 7% Debentures	140,000
	Waterside Rubber Estate	160,660
		<u>₦300,660</u>

	TOTAL (A & B).	<u>₦862,886</u>
		=====

NOTE:

Above investments are based on the valuation of Messrs Oyediran, Falayo, Oke and Co, report.

AGRICULTURAL PROJECTS OF WESTERN NIGERIA DEVELOPMENT CORPORATION
ASSIGNED TO WESTERN STATE AGRICULTURAL INVESTMENT CORPORATION

<u>Projects</u>	<u>Valuation</u>
	£
Ijebu Farm Project	3,593,516
Araromi Rubber Estate	2,073,810
Lomiro Oil Palm Estate	811,020
Irele Oil Palm Estate	442,636
Upper Ogun Estate	704,374
Eruwa Cashew Plantation	50,792
Iwo Cashew Plantation	103,562
Ibokun Cocoa Plantation	123,022
Oda-Akure Cocoa Plantation	588,960
Owo Coffee Plantation	120,966
	<hr/>
TOTAL	= £8,582,658
	<hr/> <hr/>

NOTE:

Above investments are based on the valuation of Messrs Oyediran, Falayo, Oke & Co. and as per appendix 1B of Shoga's Committee Report.

OTHER PROJECTS OF WESTERN NIGERIA DEVELOPMENT CORPORATION
ASSIGNED TO WESTERN STATE AGRICULTURAL INVESTMENT CORPORATION

<u>A.</u>	<u>INDUSTRIAL PROJECTS</u>	<u>VALUATION</u>
		£
	Lafia Canning Factory	248,736
	Elciycle Cashew Factory	21,698
		<hr/>
		£270,434
		=====
 <u>B.</u>	 <u>MARKETING DEPOTS</u>	
	Ibadan Depot	12,436
	Mushin Depot	14,208
		<hr/>
		£26,644
		=====

NOTE:

Above valuation on Industrial Projects is based on Shoga report - appendix 1B while that of Marketing Depots is based on Messrs Oyediran, Falayo, Oke and Co. report - paragraph 189 - 192.

SCHEDULE 8

WESTERN STATE AGRICULTURAL INVESTMENT CORPORATION
SHARE OF LIQUID ASSETS

Unclaimed Wages		118.10
" 5% Compulsory Savings		4,190.24
Reimbursement of bills settled on behalf of W.N.D.C.	N48,721.97	
Share on available funds in banks	<u>124,256.41</u>	<u>172,978.38</u>
		N177,286.72
<u>Less:</u>		
Interim Allocation	40,000.00	
Receipts on behalf of W.N.D.C.	9,271.07	
Share of overdraft at Co-operative Bank Limited Account No. 2	<u>12,785.60</u>	<u>62,056.67</u>
(a) Balance of available Fund		N115,230.05
(b) Share of London Account:-		-----
Balance as at 1/10/73	2,878.29	
Less: Salary payment	70.00	
Cheque Exchange	<u>45.50</u>	<u>115.50</u>
Add: Cheque Deposit	2,762.79	
Balance	<u>18.00</u>	2,780.79
(c) Government Stock:		-----
Federal Republic of Nigeria - 500 5% 7th Development Stock, 1976		N50,000.00
(d) Unassigned Stock (at market price as at 29/9/73)		-----
(i) <u>U.B.A. Ltd.</u>	<u>Market Price</u>	
2,240 Ordinary Shares @ N1.00 (M.V. N2.00)	N4,480.00	
(ii) <u>S.B.N. Limited:</u>		
4,862 Ordinary Shares @ N1.00 (M.V. N2.97)	14,440.14	
(iii) <u>John Holt Investment Company Limited:</u>		
25,000 Real Preference Shares at N1.00	<u>25,000.00</u>	
	<u>N43,920.14</u>	
Amount due to W.S.A.I.C.		N21,960.07
(e) Staff Vehicle Advances		-----
		N62,044.35

Carried Forward		<u><u>N252,015.26</u></u>

Brought Forward

£252,015.26

Loss: Sundry Creditors

Agip Account ✓

Vehicle Loan Account - C.I. & L.S.

Interest Receivable

26,803.53

43,200.00

7,417.40

77,425.93

TOTAL

£174,589.33

Notes:

1. The balance on Debtor's account of £17,491.52 should be shared equally between W.S.A.I.C. and W.S.I.I.C.C. whenever any amount is received.
2. Tax reclaim account of £927,148 plus any other reclaim to 30/9/73 to be shared equally by W.S.A.I.C. and W.S.I.I.C.C. when received.

Wale:

ARCHIVE OF W.S.I.I.C.C.

WESTERN STATE AGRICULTURAL INVESTMENT CORPORATION

Private Mail Bag 5085
Cocoa House,
Ibadan.

A/C.15/30

6th March, 1974.

The Permanent Secretary,
Ministry of Finance,
Secretariat,
Ibadan.

For the Attention of Mr. A.O. Adebayo

Loan Requirements for Purchase of Machinery

I submit hereunder detailed explanation on the loan of ₦1.5 million required by this Corporation to purchase various items of machinery which are required for tapping fully the resources of its agricultural Projects:-

(a) Ijebu Farm Project - (Oil Palm)

2 Speichim Mills at cost of ₦250,000 each. Total oil palm planted is 8,000 acres. At a plantation average yield of 2 tons per acre/annum a total yield of 16,000 tons fresh fruit bunches is expected. The existing Pioneer Oil Mill which is now very old and unreliable has an extraction rate of 14%. This will give a total of 2,240 tons of oil from 16,000 tons of fruits. The proposed mill has an extraction rate of 20% and this will give 3,200 tons of oil from the same quantity of fruits. This reflects a difference of 960 tons of oil which will be lost annually if new mills are not installed. At the prevailing local price of ₦200 per ton (85k per gallon) this reflects an additional revenue of ₦192,000 per annum. This loan can therefore be repaid in three years.

(b) Lomiro Oil Palm Plantation:

4,500 acres of oil palm has been planted. At an average plantation yield of 2 tons bunches per acre/annum, production of bunches will be 9,000 tons. The existing Pioneer Oil Mill gives an extraction rate of 14% or 1,260 tons of oil from 9,000 tons of fruits. The new mill has an extraction rate of 20% and will give 1,800 tons of oil per annum or an increase of 540 tons of oil. At an average price of ₦200 per ton of oil (85k per gallon), additional revenue per annum will be ₦108,000. A loan of ₦250,000 can therefore be repaid in three years.

(c) Irele Oil Palm Plantation:

3,000 acres of oil palm has been planted. At an average plantation yield of 2 tons per acre, annual production will be 6,000 tons of bunches. The existing mill will extract 840 tons of oil from these bunches. The new mill with an extraction rate of 20% will produce 1,200 tons of oil from this same quantity of fruits, or additional 360 tons. At an average price of ₦200 per ton, this will give additional revenue of ₦72,000 per annum. A loan of ₦250,000 will be repaid in less than four years.

- (d) Araromi Rubber Estate: Approximately 10,000 acres is planted to-date and 7,495 acres is at present being tapped giving an average yield of 1,000 lbs rubber per acre or 3,345 tons of rubber annually. The existing processing factories (sheet and crepe factories) at the moment handle about 2,500 ton rubber per annum, leaving 845 tons of rubber unprocessed and which have to be sold as low grade rubber fetching not more than 4.5k per lb. If 845 tons of rubber which is surplus to the available processing capacity is sold at an average price of 4.5k per lb, revenue derivable will be ₦85,176. If this same quantity is processed and sold at the rate of 15k per lb, ex-plantation rate, revenue will be ₦283,920.

Processing cost is approximately 1.8k per lb. This in total will cost ₦34,070. If 845 tons of rubber is processed and sold at 15k per lb, ex-plantation rate, additional revenue to the plantation therefore will be ₦164,674. This represents what this plantation loses annually due to lack of adequate processing facilities. It is estimated that a new factory will cost ₦200,000 and with the present price level for rubber, this loan can be repaid in two years.

- (e) Upper Ogun Cattle Ranch: There is 24,000 acres available for grazing purposes at Upper Ogun out of a total acquisition of 26,170 acres. It is intended to develop a pasture covering 20,000 acres in order to enable this ranch carry 10,000 heads of animals at the rate of 2 acres planted pasture per animal. At the moment, approximately 5,000 animals are on the ranch and annually, the ranch faces the problem of inadequate pasture, particularly in the dry season. Also, it has been impossible to distribute water to the various paddocks owing to lack of funds. The combination of inadequate pasture and inadequate water supply in the dry season strongly militates against health, and therefore, rapid development and multiplication of cattle on the ranch. A sum of ₦300,000 will be required to provide these facilities.

If the pasture is fully developed to carry 10,000 heads of animals, it is expected that approximately 7,000 cows will be kept constantly on the ranch. At calving rate of 70%, 4,900 calves will be produced annually. It is expected that 50% of these will be bull calves, that is, 2,450. Steers on the ranch attain the weight of 600 lbs after 2½ years when they are sold on the hoof. After 5 years of the investment, about 4,500 animals will be available for sale annually (2,450 steers and 2,000 heifers) at an average price of ₦120. This will give approximately ₦450,000 per annum. Rapid multiplication of Ndama heifers will lead to expansion and increase in the number of private ranches in the State, apart from increasing the revenue earning capacity of Upper Ogun Ranch. A loan of ₦300,000 would be repaid within 8 years of the investment. The delay will be due to the slow build up of the cattle population to 10,000 heads. Thereafter, increase in annual revenue will be about ₦450,000.

2. The revenue earning capacity of the three Oil Palm Projects and the Rubber Estate will be very much enhanced if modern milling/processing facilities are provided. The acute shortage of oil palm in the country will persist for a long time, as wild palms from where oil had been obtained are being abandoned due to the migration of farmers into urban areas. The hope of the country, therefore, in providing this essential food commodity is in plantation development and increase in peasant farmer' holdings. On the Corporation's Oil Palm Plantations, the mills do not only have limited efficiency, they are also obsolete and old with maintenance cost soaring high. These result in high production costs. Several working days are lost due to difficulty in obtaining spare parts. Below is a summary of annual losses from the three Oil Palm Plantations and the Rubber Plantation:

Ijebu Farm Project	₦192,000	annually
Lomiro Oil Palm Plantation	₦108,000	"
Irele Oil Palm Plantation	₦ 72,000	"
Araromi Rubber Estate	<u>₦164,700</u>	"
	₦536,700	"
	=====	

3. The cost of replacing machinery required on the four projects is ₦1,2 million. Pasture development and water supply at Upper Ogun Cattle Ranch will cost ₦300,000. Total amount required, therefore, is ₦1.5 million. Phased over a period of four years, the projects jointly would be able to pay back this loan.

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(Sgd.) M. I. Owoeye,
General Manager.

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	=====	

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(Sgd.) M. I. Owoeye,
General Manager.

1
ASSIGNMENT OF QUARTERS

STR. NO.	LOCATION	LEASEHOLD PARTICULARS	FILE NO.	TYPE	NAME OF TENANT	PRESENT ASSIGNMENT	PROPOSED ASSIGNMENT
JR. 1	Akinola Maja Avenue	30/30/29 of 25.7.57		3-Room Bungalow	Mr. A. Ariyo	I. I. & C. C.	A. I. C.
JR. 2	" " "	30/30/29 of 25.7.57	SEC.L.9	" "	Mr. O. Fasuan	I. I. & C. C.	A. I. C.
JR. 3	" " "			" "	Mr. F.F. Aiyetan	A. I. C.	A. I. C.
JR. 4	Akinola Maja Avenue			2-Room Bungalow	Mr. A. Akinji	I. I. & C. C.	I. I. & C. C.
JR. 5	" " "	19/19/379 of 18.7.60	SEC.L.26	" "	Sports & Social Club	I. I. & C. C.	I. I. & C. C.
JR. 6	" " "			" "	Mr. S.A. Ladejana	I. I. & C. C.	I. I. & C. C.
JR. 7	Akinola Maja Avenue			Managerial	Mr. M.I. Owoeye	I. I. & C. C.	A. I. C.
JR. 8	" " "			3-Room Bungalow	Dispensary	A. I. C.	A. I. C.
JR. 9	" " "			Managerial	Mr. A.O. Togun	A. I. C.	A. I. C.
JR. 10	" " "			3-Room Bungalow	Mr. S. Togun	A. I. C.	A. I. C.
JR. 11	" " "	43/43/29 of 23.7.57	SEC.L.9	" "	Mrs. M.A. Fayomi	A. I. C.	A. I. C.
JR. 12	" " "			Managerial	Mr. E.O. Alalade	I. I. & C. C.	A. I. C.
JR. 13	" " "			3-Room Bungalow	National Bank	I. I. & C. C.	A. I. C.
JR. 14	" " "			Managerial	Vacant	I. I. & C. C.	A. I. C.
JR. 15	Bale Olugbode Road			Managerial	Western State Govt.	I. I. & C. C.	A. I. C.
JR. 16	Bale Akintayo Road			Managerial	Chief E.A.A. Fadairo	A. I. C.	I. I. & C. C.
JR. 17	" " "			2-Room Bungalow	Mr. M.A. Akinpelu	I. I. & C. C.	I. I. & C. C.
JR. 18	" " "	2/2/220 of 6/8/57	SEC.L.9	" "	Mr. O.O. Williams	I. I. & C. C.	I. I. & C. C.
JR. 19	" " "			" "	Mr. M. Anofokhai	I. I. & C. C.	I. I. & C. C.
JR. 20	" " "			" "	Mr. M.A. Adetoye	I. I. & C. C.	I. I. & C. C.
JR. 21	" " "			" "	Mr. E. A. Titilawo	A. I. C.	I. I. & C. C.
IR. 22	Are Oluyedun Road			2-Room Bungalow	Mrs. Aye - Vaughan	I. I. & C. C.	I. I. & C. C.
IR. 23	" " "	18/18/93 of 11.1.55	SEC.L.9	" "	Miss Mary Grant	A. I. C.	I. I. & C. C.
IR. 24	" " "			3-Room Bungalow	Mr. V.O. Darmola	I. I. & C. C.	I. I. & C. C.
IR. 25	" " "			" "	Mr. S.R.B. Okoro	I. I. & C. C.	I. I. & C. C.
CR. 26	Kudetí Avenue	50/50/29 of 28.9.57	SEC.L.20	Managerial	Mr. S.O. Oloko	I. I. & C. C.	I. I. & C. C.
NR. 27	Olu Jibowu Crescent	22/22/537 of 22.6.62	SEC.L.9	2-Room Bungalow	Mr. A.M. Akande	A. I. C.	I. I. & C. C.
NR. 28	" " "			" "	Mr. L.A. Babalola	I. I. & C. C.	I. I. & C. C.
NR. 29	Balogun Kobomoje Close	33/33/29 of 25.7.57	SEC.L.9	Managerial	Western State Govt.	I. I. & C. C.	I. I. & C. C.

QTR. NO	LOCATION	LEASEHOLD PARTICULARS	FILE NO.	TYPE	NAME OF TENANT	PRESENT ASSIGNMENT	PROPOSED ASSIGNMENT
NR.30	Kobiomu Crescent	44/44/129 of 21.8.57	SEC.L.9	Managerial	Caxton Press	A. I. C.	A. I. C.
NR.31	" "			"	Western State Govt.	I. I. & C. C.	A. I. C.
NR.32	" "			"	" " "	A. I. C.	A. I. C.
NR.33	Oba Biladu Road	20/20/220 of 8.10.57	SEC.L.22	Managerial	Western State Govt.	I.I. & C. C.	I. I. & C. C.
NR.34	Alkere Close			"	Mr. J.O.S. Longe	I. I. & C. C.	I. I. & C. C.
IH.36	Moor Plantation			2-Room Bungalow	Mr. T.A. Adedayo	A. I. C.	A. I. C.
IH.37	" "			" "	Mr. M.A. Owolabi	I. I. & C. C.	A. I. C.
IH.38	" "			" "	Mr. O.A. Babalola	I. I. & C. C.	A. I. C.
IH.39	" "	61/61/487 of 30.10.39	SEC.L.3	" "	Mr. C.B.O. Olayinka	I. I. & C. C.	A. I. C.
IH.40	" "			2-Room Storey	Mr. Ayo Ogunbiyi	I. I. & C. C.	A. I. C.
IH.41	" "			" "	Mr. B. Omole	I. I. & C. C.	A. I. C.
IH.42	" "			" "	Mr. E.A. Kayode	A. I. C.	A. I. C.
IK.44	Odudua Way, Ikeja			8 Managerial	Western State Govt.	I. I. & C. C.	I. I. & C. C.
IK.45	" "			" "	" " "	I. I. & C. C.	I. I. & C. C.
IK.46	" "	14/14/543 of 20.12.62	SEC.L.37	2-Room Bungalow	Chief A.W. Adeniran	I. I. & C. C.	I. I. & C. C.
IK.47	" "			"	Nig.Tube Winding Co.	I. I. & C. C.	I. I. & C. C.
IK.48	" "			"	Mr. F.A. Adelaja	I. I. & C. C.	I. I. & C. C.

EL.35 - Built on Eleiyele land assigned to A.I.C.

- 1. Bolaji Close)
- 2. Bolaji Close) Built on BCGA land assigned to A.I. C.

Undeveloped 2 Plots at the GRA, to be taken up by A.I.C. as compensation for not sharing in Quarters IK.45, IK.46, IK.47 and IK. 48.

SUPPLY

Type of Houses	Suggested Assignment	
	A.I.C.	I.I. & C.C.
Managerial Houses	8	7
3-Room Bungalows	9	5
22-Room Bungalows	8	12
	25	24

PROPOSED ASSIGNMENT OF RENTED QUARTERS

AGRICULTURAL INVESTMENT CORPORATION				INDUSTRIAL INVESTMENT & CREDIT CORPORATION			
Serial Nos	Quarters Nos.	Location	Rent Payable Per annum	Serial Nos.	Quarters Nos.	Location	Rent Payable Per annum
1	JR/13	Akinola Maja Avenue	₦ 900	1	LR/22	Ade Oluyedun Road	₦ 600
2	JR/15	Bale Olugbode Road	NIL	2	LR/23	" " "	600
3	NR/30	Kobiowu Crescent	₦ 1,600	3	LR/25	" " "	720
4	NR/31	" "	NIL	4	LR/28	Olumuyiwa Jibowu Crescent	600
5	NR/32	" "	NIL	5	LR/29	Balogun Kobomoje	NIL
6	BI/35	Eleyele Waterside	₦ 900	6	NR/33	Oba Biladu Road	NIL
				7	IK/44	Odudua Way	NIL
				8	IK/45	" "	NIL
				9	IK/47	" "	₦ 960

PROPOSED ASSIGNMENT OF MANAGERIAL QUARTERS

Agricultural Investment Corporation	Industrial Investment & Credit Corporation
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JR 7	GR 26
JR 9	JR 16
JR 12	NR 29
JR 14	AR 33
JR 15	AR 34
NR 30	IK 44
NR /31	IK 45
NR 32	IK 45

SCHEDULE ^A ~~1~~ 70

WESTERN STATE AGRICULTURAL INVESTMENT CORPORATION
HEADQUARTERS STAFF

	<u>SENIOR</u>	<u>JUNIOR</u>	<u>TOTAL</u>
CHAIRMAN'S OFFICE	1	1	2
GENERAL MANAGER'S OFFICE	2	3	5
ADMINISTRATION DIVISION	9	51	60
AGRICULTURAL DIVISION	5	20	25
FINANCE DIVISION	11	28	39
MARKETING DIVISION	7	11	18
INTERNAL AUDIT	6	9	15
TOTAL =	41	123	164

~~11~~
B1

23
SCHEDULE #

WESTERN STATE INDUSTRIAL INVESTMENT & CREDIT CORPORATION.

HEADQUARTERS STAFF

	<u>SENIOR</u>	<u>JUNIOR</u>	<u>TOTAL</u>
CHAIRMAN'S OFFICE	1	-	1
GENERAL MANAGER'S OFFICE	2	3	5
ADMINISTRATION DIVISION	3	32	36
PERSONNEL	-	8	8
MEETINGS	-	38	38
CONFIDENTIAL REGISTRY	-	3	3
PUBLIC RELATIONS	1	3	4
DIVING POOL	-	6	6
TYPING POOL	-	3	3
LEGAL	1	4	5
INDUSTRIAL DIVISION	8	10	18
ACCOUNTS DIVISION	10	22	32
Total =	26	98	124

M/C.51/9

14th March, 74

Secretary to the Military Government
and Head of Service,
Office of the Military Governor,
Agodi,
Ibadan.

Appointment of Nominee Directors to the Board of Its
Associated Companies

I am directed to inform you that the Board of the Corporation at its meeting held on 12th March, 1974 recommended the following appointments of nominee directors on the Board of its Associated Companies:-

Name of Company	Names of Nominee Directors and Designation	Name of Alternate Directors and Designation
Ilushin Rubber Estate Limited	(a) E. A. A. Fedayiro (Chairman) (b) A. O. Togun (Ag. Agric. Manager)	(a) D. O. Akanle (Principal Plantation Manager) (b) A. A. Fabiyi (Senior Plantation Manager)
Waterside Rubber Estates Limited	(a) F.A. Roberts (Director) (b) N. I. Owoeye (General Manager)	(a) John Togun (Ag. Deputy Agric. Manager) (b) F. P. Aiyetan (Ag. Secretary)
Nigeria Sugar Company Limited	(a) Dr. A.O. Abifarin (Director)	(a) S. E. Ingunju (Senior Marketing Officer)
Premier Tobacco Company Limited	(a) A. Ayandele (Director) (b) J.O.S. Longe (Marketing Manager)	(a) E.A. Kayode (Ag. Deputy Chief Accountant) (b) H.B. Kacuin (Ag. Senior Assistant Secretary)

2. The list of existing nominee directors who are being changed are submitted below for your information:-

Year	Name of Company	Name of Nominee Director	Name & Address of Alternate Director
1971/72	Nigeria Sugar Co. Ltd.	Mrs. J.A. Oluwasanmi Min. of Education Ibadan.	Mrs. H.A. Fayomi V. S. I. C. Corporation, Ibadan

Year	Name of Company	Name of Nominee Director	Name & Address of Alternate Director
1971/72	Premier Tobacco Co. Limited	(a) Dr. M.O. Adeniji University of Ibadan, Ibadan (b) Mr. A.O. Togun W.S.A.I.C. Ibadan	(a) Mr. E.O. Alalade W. S. I. I. C. Corp., Ibadan. (b) Mr. M.B. Kazzim W.S.A.I.C., Ibadan
1971/72	Ilushin Rubber Estate Limited	(a) Mr. A.O. Togun W.S.A.I.C., Ibadan. (b) Dr. A.A. Adegbola Unife.	(a) Mr. A. A. Fabiyi W.S.A.I.C., Ibadan
8/6/73	Waterside Rubber Estate Ltd.	Mr. J.O. Alkinwole- miwa, Ag. Controller of Agric. Service Section Ibadan. Mr. O. Odunuga.	

3. I should be grateful therefore if you will obtain the approval of His Excellency the Military Governor in respect of the above-mentioned appointment to enable me to inform the people concerned accordingly.

[Signature]
M. I. Owoeye
General Manager

respd.

ARCHIVING

A/C.51/13.

29th May, 74.

The Secretary to the Military Govt.
and Head of Service,
Office of the Military Governor,
Agodi,
IBADAN.

Appointment of Nominee Directors
to the Board of its Associated
Companies

May I please invite your attention to the recommendation of the Board of my Corporation on the appointment of Nominee Directors, reference my letter No.A/C.51/9 of 14th March, 1974 and to the subsequent reminder No.A/C.51/12 of 22nd April, 1974 and to request for an early action on this matter.

2. I am to inform you that most of the former Nominee Directors of this Corporation have not been attending the meetings of the associated companies and hence the views of the Corporation have not been adequately reflected at the deliberations of these companies. It will, therefore, be appreciated if you can obtain the approval of His Excellency the Military Governor on the recommendations of the Board as contained in the attached photostat copy of our letter of 14th March, 1974.


(M.I. Owoeye),
GENERAL MANAGER.

RECEIVED

A/FC.1/16/209.

1st July,

74.

The Secretary to the Military Govt.
and Head of Service,
Office of the Military Governor,
Agodi,
IBADAN.

Power to Borrow Money

At its meeting of the 11th of June, 1974, the Board of the Corporation examined its borrowing power and approve that the Management should negotiate with its Bankers, soft overdraft facilities to augment its working capital and thus facilitate its day to day workings. In accordance with the requirements of Section 11 of Edict No.9 of 1973 as contained in Western State of Nigeria Gazette No.2 Vol.22 of 8th June, 1973, the Corporation now seeks the approval of the Executive Council for a general borrowing power to cover soft overdraft facilities from commercial Banks to the tune of N100,000.00.

2. I am aware that for Executive Council decision to be taken, a memorandum has to be submitted; such memorandum usually takes time to clear with all the Ministries concerned. In view of this, it will be greatly appreciated if you can get the approval of His Excellency the Military Governor for the Corporation. As I said earlier, the money required is to augment our working capital both at Headquarters office and the 14 Projects under the control of my Corporation.

3. Your early action will be appreciated please.

(M.I. Owoeye),
GENERAL MANAGER.

See P. 212

CONFIDENTIAL

TELEGRAMS: SECMILGOV IBADAN

TELEPHONE: IBADAN 24661



OFFICE OF THE MILITARY GOVERNOR
IBADAN · WESTERN STATE OF NIGERIA

Your Ref. No.....
All communications should be
addressed to the Secretary to the
Military Government and Head of
Service
Our Ref. No. CF/O.172/63.

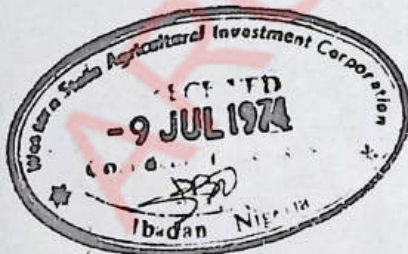
Date..... 9 July, 1974.

Mr. M. I. Owoeye,
General Manager,
Western State Agricultural Investment
Corporation,
P. M. B. 5085,
IBADAN.

Power to Borrow Money

I am directed to refer to your letter No. A/FC.1/16/209 of 1st July, 1974 and to say that while your Corporation's desire to augment its working capital is appreciated, this Office has been advised by the Law Officers that it is not appropriate to invite His Excellency, the Military Governor to exercise the power conferred on the Executive Council by Section 11 of Edict 9 of 1973. It is, therefore, suggested that you submit to this Office draft of an Executive Council Memorandum giving all relevant details which will facilitate clearance with the appropriate Ministries. I wish to assure you that as soon as the draft is received vigorous efforts will be made to have it cleared and submitted for Executive Council approval.

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P. 209



A. O. Oyinlola
(A. A. O. Oyinlola),
for Secretary + the Military
Governmen Service.

A/C.15/60

6th August, 74

The Secretary to the Military Government
and Head of Service,
Office of the Military Governor,
Western State,
Ibadan.

Power to Borrow Money

With reference to your letter No. SF/C.172/63 of 9th July, 1974, I attach herewith a draft Executive Council Memorandum seeking approval for the Corporation to raise loans. I shall be most grateful if, in accordance with the assurance given in your letter under reference, you will accelerate the processing of this Memorandum for the Executive Council's approval.

20.8.74 ✓
Bu. 21.8.74 ✓
/ 29.74


(F.F. Aiyetan),
For: General Manager.

S E C R E T

THIS DOCUMENT IS THE PROPERTY OF THE EXECUTIVE
COUNCIL OF THE WESTERN STATE OF NIGERIA

M.G. ()

COPY NO:

July, 1974

EXECUTIVE COUNCIL: WESTERN STATE OF NIGERIA

Corporation's Borrowing Power

Memorandum by the Western State Agricultural Investment
Corporation

The Western State Agricultural Investment Corporation Edict 1973 (Edict No. 9 of 1973) vests in the Corporation power to borrow money for meeting any of its obligations or discharging any of its functions under the Edict, but this power is exercisable only with the approval of the Executive Council as to the amount of the loan, the sources of the borrowing and the terms on which the borrowing may be effected. The Executive Council's approval for the purposes of this power may be either general or limited to a particular borrowing.

NIGERIAN AGRICULTURAL BANK LIMITED

2. The Nigerian Agricultural Bank Limited has been inaugurated by His Excellency the Head of State and its Headquarters is at Kaduna. Among the main objectives of the Bank is the granting of loans to individual farmers, Co-operatives bodies engaged in Agriculture and Statutory Corporations engaged in agriculture for the purpose of financing both short-term and long-term agricultural credits.

3. The Acting Permanent Secretary, Ministry of Agriculture and Natural Resources has conveyed to us His Excellency the Military Governor's anxiety to ensure that full advantage of the facilities available at the Bank is taken by this State. The Economic Projects Performance Unit has expressed similar anxiety. In consequence, preliminary discussions for a loan of N1.5 million has been held with the officials of the Nigerian Agricultural Bank Limited.

4. The loan required is for the purchase of essential processing mills for four oil palm and rubber plantations as well as to develop pasture in the Upper Ogun Cattle Ranch.

/This loan

This loan, when invested, will enable the Corporation to tap fully the economic resource of these projects. The out-dated Pioneer Oil Mills in use on the oil palm projects are already 20 years old and give an extraction rate of 14%. When the new mills are purchased and installed, they will be able to give extraction rate of 20%. In the case of the rubber plantation, the processing factories (sheet and crepe factories) which are at present in use are unable to process all the latex produced from the plantation. Some 845 tons of latex which are in excess of the capacity of the existing processing factories, if processed and sold at 15k per lb. ex-plantation will result in additional revenue of ₦64,674. It is clear that the purchase and installation of these processing mills will enable the Corporation to maximise profits derivable from the investments already made.

5. Quotations have been obtained from manufacturers of the mill and below is the financial requirements of each project:-

<u>Project</u>	<u>Requirement</u>	<u>Cost</u>
(i) Ijebu Farm Project	Mill (6 ton capacity)	1,450,000
(ii) Lomiro/Araromi/Aiyesan Oil Palm Plantation	Mill (6 ton capacity)	1,450,000
(iii) Irele Oil Palm Plantation	Mill (3 ton capacity)	1,300,000
(iv) Araromi Rubber Estate	Mill (crumb Rubber Factory)	101,000
(v) Upper Ogun Cattle Ranch Pasture and Water Supply		325,000
		<u>₦4,626,000</u>

The figure of ₦4.5 million discussed with officials of Nigerian Agricultural Bank Limited is a composition of estimated requirements for each project but since they were mere estimates these will now have to alter to take account of the above figures. It is the view of the Corporation that this figures should be increased by 15% to cover rise in costs, inflation, etc. which will have taken place at the time the loan is made available.

6. The Nigerian Joint Agency Limited has been commissioned to study the viability of the existing agricultural projects of the Corporation and attached as Annexure I, II, III and IV are financial forecast in respect of Araromi Rubber Estate, Ijebu Farm Project, Lomiro Oil Palm Plantation and Irele Oil Palm Plantation which show the ability of each project to re-pay the required loan for the purchase and installation of processing mills.
/Bank Overdraft

BANK OVERDRAFT FACILITIES

7. During its normal operations, the Corporation requires Bank Overdraft facilities to the tune of N200,000 to meet emergency situations. Occasions usually arise whereby payment for produce already sold will be in the pipeline while the Corporation requires urgently funds to prosecute its day-to-day activities. Under such circumstances, the Corporation will have recourse to make use of Bank Overdraft facilities. The overdraft facilities will also be used to finance letters of credit when machinery is ordered from overseas countries. This phenomenon is in fact peculiar to all commercial agricultural institutions.

8. An application (attached as Annexure V) has been addressed to the Standard Bank on this matter and the Bank's reply is attached as Annexure VI. Similarly, negotiations are on had with the National Bank of Nigeria Limited and Wema Bank Nigeria Limited. These have not been finalised.

9. Council is invited to exercise its power under Section 11 (2) of Edict No. 9 of 1973 entitled "The Western State Agricultural Investment Corporation Edict 1973" as follows:-

- (a) approve that the Corporation should borrow the sum of N4,626,000 from the Nigerian Agricultural Bank Limited and that the terms of the borrowing be submitted to the Executive Council for approval.
- (b) that the Corporation should obtain Overdraft facilities to the tune of N200,000 with the commercial banks to finance its day-to-day operations.

(Intld.) Brig. O.R.

Western State Agricultural
Investment Corporation,
Ibadan.

19th July, 1974.

I b a d a n,
31st August, 1974.

ARAROMI RUBBER ESTATE
ESTIMATED INCOME AND EXPENDITURE FOR THE SEVEN YEARS TO 1980/81

ANNEXURE

CRP: (MGS)	1974/75	1975/76	1976/77	1977/78	1978/79	1979/80	1980/81	TOTAL
	2,798,000	2,899,000	3,173,000	3,494,000	3,561,000	3,618,000	3,563,000	23,106,000
	₦	₦	₦	₦	₦	₦	₦	₦
INCOME @ 45k per kilo	1,259,000	1,305,000	1,428,000	1,572,000	1,602,000	1,628,000	1,603,000	10,397,000

EXPENDITURE:	Cost		Cost		Cost		Cost		Cost		Cost		₦	₦	
	Per Kilo	₦ Per Kilo	₦ Per Kilo	₦ Per Kilo	₦ Per Kilo	₦ Per Kilo	₦ Per Kilo	₦ Per Kilo	₦ Per Kilo	₦ Per Kilo	₦ Per Kilo				
General Charges	3.39	179,000	6.39	485,000	6.59	209,000	6.59	230,000	6.59	235,000	6.79	245,000	6.79	242,000	1,525,000
Mature Area Upkeep	2.16	60,000	4.12	119,000	4.25	135,000	4.25	149,000	4.25	151,000	4.39	159,000	4.39	156,000	929,000
Tapping & Collection	9.92	278,000	9.92	288,000	10.21	324,000	10.21	357,000	10.21	364,000	10.52	381,000	10.52	375,000	2,367,000
Processing	4.08	114,000	3.31	96,000	3.40	108,000	3.40	119,000	3.40	121,000	3.48	126,000	3.48	124,000	808,000
Despatch & Selling	2.44	68,000	2.44	71,000	2.44	77,000	2.44	85,000	2.44	87,000	2.44	88,000	2.44	87,000	563,000
Freight & Insurance	2.95	83,000	2.95	86,000	2.95	94,000	2.95	103,000	2.95	105,000	2.95	107,000	2.95	105,000	683,000
Headquarter's Charges	2.67	75,000	2.71	78,000	2.56	81,000	2.38	83,000	2.40	85,000	2.43	88,000	2.54	91,000	581,000
	30.61	857,000	31.84	923,000	32.40	1,028,000	32.22	1,126,000	32.24	1,148,000	33.00	1,194,000	33.11	1,180,000	7,456,000
Capital		181,000		98,000		133,000		94,000		92,000		47,000		6,000	651,000
Immature Area Upkeep		24,000		38,000		49,000		37,000		32,000		32,000		14,000	226,000
Replanting/New Planting		3,000		7,000		46,000		74,000		99,000		116,000		131,000	476,000
		₦ 1,065,000		₦ 1,066,000		₦ 1,256,000		₦ 1,331,000		₦ 1,371,000		₦ 1,389,000		₦ 1,331,000	₦ 8,809,000
DEPRECIATION:		69,000		72,000		78,000		86,000		88,000		89,000		88,000	570,000
AMORTISATION:		58,000		61,000		66,000		73,000		74,000		76,000		74,000	482,000

(2) ESTIMATED PROFITS FOR THE SEVEN YEARS TO 1980/81

₦ 275,000	₦ 243,000	₦ 256,000	₦ 287,000	₦ 292,000	₦ 269,000	₦ 261,000	₦ 1,889,000
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(3) ESTIMATED CASH SURPLUSES FOR THE SEVEN YEARS TO 1980/81

₦ 194,000	₦ 239,000	₦ 172,000	₦ 241,000	₦ 231,000	₦ 239,000	₦ 272,000	₦ 1,588,000
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TCI:
London
22nd July, 1974

ANNEXURE II

LUBBU FARM

ESTIMATED INCOME AND EXPENDITURE FOR THE SEVEN YEARS TO 1980/81

(A) OIL PALM CROP: (TONS FEB.)	1974/75	1975/76	1976/77	1977/78	1978/79	1979/80	1980/81	TOTAL
	13,566	15,270	17,825	18,292	19,288	20,120	20,014	124,849
<u>OIL</u>	2,052	2,490	3,030	3,475	3,858	4,426	4,403	23,734
<u>KERNELS :</u>	279	340	713	732	771	815	805	4,455
	N	N	N	N	N	N	N	N
<u>INCOME:</u> Oil @ N230/Ton	472,000	573,000	697,000	799,000	877,000	1,018,000	1,013,000	5,459,000
Kernels @ N132/Ton	37,000	45,000	94,000	97,000	102,000	107,000	106,000	588,000
	509,000	618,000	791,000	896,000	989,000	1,125,000	1,119,000	6,047,000
	<u>COST PER</u>	<u>COST PER</u>	<u>COST PER</u>	<u>COST PER</u>	<u>COST PER</u>	<u>COST PER</u>	<u>COST PER</u>	
	<u>TON FEB.</u>	<u>TON FEB.</u>	<u>TON FEB.</u>	<u>TON FEB.</u>	<u>TON FEB.</u>	<u>TON FEB.</u>	<u>TON FEB.</u>	
	N	N	N	N	N	N	N	N
General Charges	9.21	7.56	6.84	7.05	7.10	7.01	7.05	914,000
Mature Area Upkec	20.12	12.58	11.44	11.75	11.82	11.63	11.69	1,586,000
Harvesting	3.98	3.49	3.25	3.25	3.11	3.03	3.00	407,000
Transport	2.29	2.60	-	-	-	-	-	-
Manufacture	3.64	3.75	12.84	12.84	12.84	12.84	12.84	1,335,000
Despatch & Selling	2.29	2.35	2.18	2.18	2.18	2.18	2.18	277,000
Headquarter's Charge	4.57	4.00	3.54	3.56	3.68	3.53	3.55	468,000
	46.07	36.33	40.09	40.71	40.73	40.22	40.31	5,059,000
<u>DEPRECIATION:</u>	25,000	26,000	26,000	27,000	28,000	29,000	29,000	190,000

I b a i a n,
1st August, 1974.

LOMIRO OIL PALM ESTATE

ANNEXURE III

ESTIMATED INCOME AND EXPENDITURE FOR THE SEVEN YEARS 1980/81

(1)

	<u>1974/75</u>	<u>1975/76</u>	<u>1976/77</u>	<u>1977/78</u>	<u>1978/79</u>	<u>1979/80</u>	<u>1980/81</u>	<u>TOTAL</u>
<u>CROP: (TONS FFB)</u>	4,758	6,525	8,104	9,761	12,062	13,661	14,567	69,438
<u>Oil @ Extraction 20%</u>	952	1,305	1,621	1,952	2,412	2,732	2,914	13,888
<u>KERNELS @ Extraction 4%</u>	190	261	324	390	482	547	583	2,777
	₹	₹	₹	₹	₹	₹	₹	₹
<u>INCOME: Oil @ N230/ton</u>	219,000	300,600	373,800	449,000	555,000	628,000	670,000	3,194,000
<u> Kernels @ N132/ton</u>	25,000	34,000	43,000	51,000	64,000	72,000	77,000	366,000
	244,000	334,000	416,000	500,000	619,000	700,000	747,000	3,560,000
	₹	₹	₹	₹	₹	₹	₹	₹
<u>EXPENDITURE:</u>	<u>COST PER</u> <u>TON FFB</u>	<u>COST PER</u> <u>TON FFB</u>	<u>COST PER</u> <u>TON FFB</u>	<u>COST PER</u> <u>TON FFB</u>	<u>COST PER</u> <u>TON FFB</u>	<u>COST PER</u> <u>TON FFB</u>	<u>COST PER</u> <u>TON FFB</u>	<u>COST PER</u> <u>TON FFB</u>
General Charges	1,324	1,027	864	717	647	586	549	508,000
Immature Area Upkeep	2,648	1,716	1,148	953	854	776	728	739,000
Harvesting	294	245	222	195	191	198	192	145,000
Transport	330	330	330	330	330	330	330	230,000
Manufacture	600	600	600	600	600	600	600	416,000
Despatch & Selling	266	266	266	266	266	266	266	184,000
Headquarters Charge	715	552	444	369	332	293	275	262,000
	6,177	4,736	3,874	3,430	3,220	3,049	2,940	2,484,000
Capital	58,000	94,000	73,000	55,000	60,000	29,000	20,000	389,000
Immature Area Upkeep	62,000	19,000	17,000	18,000				116,000
Replanting/New Planting				20,000	37,000	48,000	58,000	165,000
	124,000	422,000	404,000	428,000	485,000	493,000	506,000	3,152,000
<u>DEPRECIATION:</u>	12,000	13,000	13,000	13,000	15,000	15,000	15,000	96,000
<u>AMORTISATION:</u>	20,000	21,000	22,000	22,000	25,000	25,000	25,000	160,000

ESTIMATED PROFITS FOR THE SEVEN YEARS TO 1980/81

2)	₹(32,000)	₹(9,000)	₹(67,000)	₹ 130,000	₹191,000	₹244,000	₹279,000	₹820,000
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ESTIMATED CASH SURPLUSES FOR THE SEVEN YEARS TO 1980/81

3)	₹(170,000)	₹(88,000)	₹ 12,000	₹72,000	₹154,000	₹207,000	₹241,000	₹400,000
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IRRELE OIL PALM ESTATE

ANNEXURE IV

ESTIMATED INCOME AND EXPENDITURE FOR THE SEVEN YEARS 1980/81

PROP: (TONS FFB.)	1974/75	1975/76	1976/77	1977/78	1978/79	1979/80	1980/81	TOTAL
Oil @ Extraction 20%	4.735	5.600	6.704	8.053	9.628	11.914	11.904	57.538
KERNELS @ Extraction 4%	947	1,120	1,341	1,612	1,925	2,183	2,380	11,508
	189	224	268	322	385	437	476	2,301
	₹	₹	₹	₹	₹	₹	₹	₹
INCOME: Oil @ ₹230/Ton	218,000	258,000	308,000	371,000	443,000	502,000	547,000	2,617,000
Kernel @ ₹132/Ton	25,000	30,000	35,000	42,000	51,000	58,000	63,000	301,000
	243,000	288,000	343,000	413,000	494,000	560,000	610,000	2,918,000

EXPENDITURE:	COST PER TON FFB.		COST PER TON FFB.		COST PER TON FFB.		COST PER TON FFB.		COST PER TON FFB.		COST PER TON FFB.		COST PER TON FFB.		
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	
General Charges	10.55	50,000	9.11	51,000	7.61	51,000	6.33	51,000	5.82	56,000	5.50	60,000	5.04	60,000	379,000
Mature Area Upkeep	22.39	106,000	13.04	73,000	10.89	73,000	9.06	73,000	8.20	79,000	7.79	85,000	7.14	85,000	574,000
Harvesting	2.74	13,000	2.32	13,000	1.94	13,000	1.61	13,000	1.56	15,000	1.56	17,000	1.51	18,000	102,000
Transport	4.30	20,000	4.30	24,000	4.30	29,000	4.30	35,000	4.30	41,000	4.30	47,000	4.30	51,000	247,000
Manufacture	6.00	28,000	6.00	34,000	6.00	40,000	6.00	48,000	6.00	58,000	6.00	65,000	6.00	71,000	344,000
Despatch & Selling	2.66	13,000	2.66	15,000	2.66	18,000	2.66	21,000	2.66	26,000	2.66	29,000	2.66	32,000	154,000
Headquarters Charge	5.07	24,000	4.29	24,000	3.58	24,000	2.60	25,000	2.47	27,000	2.47	27,000	2.27	27,000	175,000
	53.72	254,000	41.72	234,000	36.98	248,000	32.94	265,000	31.14	300,000	28.28	320,000	28.92	344,000	1,975,000

Capital	33,000	76,000	46,000	57,000	33,000	34,000	14,000	293,000
Mature Area Upkeep	15,000	30,000	14,000	15,000	9,000	-	83,000	
	302,000	340,000	308,000	337,000	342,000	364,000	353,000	2,351,000

DEPRECIATION:	9,000	9,000	9,000	9,000	9,000	10,000	10,000	65,000
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EXPANSION:	14,000	14,000	14,000	14,000	15,000	16,000	16,000	103,000
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(2)

ESTIMATED PROFITS FOR THE SEVEN YEARS TO 1980/81

	₹ (34,000)	₹ 31,000	₹ 72,000	₹ 125,000	₹ 170,000	₹ 204,000	₹ 240,000	₹ 808,000
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(3)

ESTIMATED CASH SURPLUSES FOR THE SEVEN YEARS TO 1980/81

	₹ (59,000)	₹ (52,000)	₹ 35,000	₹ 70,000	₹ 152,000	₹ 196,000	₹ 252,000	₹ 600,000
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WESTERN STATE AGRICULTURAL INVESTMENT CORPORATION

A/FC.1/16/174.

26th April, 1974.

The Manager,
Standard Bank Nig. Ltd.,
Bank Road,
IBADAN.

Dear Sir,

Overdraft Facilities

May I thank you for your letters of 5th and 25th April, 1974 on the subject of overdraft facilities for this Corporation. I am to inform you that the conditions stipulated in your letter of 5th April have been put before the Board of the Corporation and it is the view of the Board that the interest of 8% is on the high side and that in view of the declared policy of the Federal Government that lending for agricultural purposes should attract very low rate of interest of about 6½%, it will be appreciated if you would reconsider the rate of interest. It will also be recalled that during our meeting with you, you gave us the indication that the rate of interest would be 7½% and we appealed to you that you should persuade your Headquarters to make it 7%. In the light of this, it has been decided that further negotiation be commenced with you and I should be grateful if you would let me know when it would be convenient for you during the first week in May to receive one of our Directors, the General Manager and the Chief Accountant to discuss this matter further.

2. I attach herewith a copy of the Western State of Nigeria Gazette No. 24 Vol.22 of 8th June, 1973 where you can see the relevant portion of the Law giving borrowing power to the Corporation. The Corporation has already applied to the Government for a general approval for the Corporation to borrow money from the commercial banks and from the Nigeria Agricultural Bank for its agricultural projects.

3. We thank you for your approval of overdraft facilities to the tune of N20,000 for Eleiyele Cashew Factory. We do not intend to take this up for the time being as the Factory has been able to enjoy lower rate of interest with another commercial bank. I hope you are not treating these factories as industries as they form part of an integrated agricultural plantation development with processing facilities and therefore they should be regarded as agricultural projects which should attract lower rate of interest than pure industrial projects.

4. The undersigned would be away on a week leave and would not be back in the office until 6th of May, 1974. Any proposed appointment, therefore should be fixed from 7th May, 1974 to 10th May, 1974.

5. I hope you will return the Gazette in due course.

Yours faithfully,

(Signed) (M. I. OWOYE),
GENERAL MANAGER.

Your ref:

Our ref: DJK/ICO

Standard Bank Nigeria Limited

STRICTLY PRIVATE & CONFIDENTIAL.

5th April, 1974.

The Chairman,
Western State Agricultural Investment Corpn.,
Private Mail Bag 5085,
Ibadan.

Dear Sir,

OVERDRAFT FACILITIES

We are pleased to advise you that the Bank has approved in principle, the following facilities to be made available to the Western State Agricultural Investment Corporation and to be reviewed on September 30, 1974:-

- (a) Overdraft ₦170,000 - Interest Rate 8% per annum.
- (b) Letters of Credit ₦100,000 - Margin 25%.

2. We would like to have a copy of the Edict promulgating the Corporation so that we can sight the borrowing powers vested in the body. Would you please arrange for us to receive such a document as soon as possible.

3. At this stage, we would like to raise with you the possibility of some form of security being available to us in respect of the above facilities. Could this be by way of a State Government guarantee? Or perhaps other forms of security can be provided by the Corporation itself. This may take the form of an all-assets debenture connected with certain projects and here we wonder if the assets of the Lafia Canning Factory are currently unencumbered.

4. In raising this matter with you, we have in mind that other newly established bodies have in fact offered security to the Bank for facilities and if at any time you wish to discuss this matter with us we shall be pleased to do so.

5. Reverting now to the above facilities which have been approved in principle, the division is as follows :-

HEADQUARTERS ACCOUNT	₦100,000
LAFIA CANNING FACTORY	₦50,000
ELEIYOLE CASHEW FACTORY	₦20,000

6. We understand that for the Cashew Factory, an account will now be opened in our books and perhaps you will confirm that this is so. The other limits will be noted on the accounts already established in our books.

Yours faithfully,
for : STANDARD BANK NIGERIA LIMITED,

(Signed) MANAGER.

F/C. 1/16/280.

IBADAN (MAIN BRANCH)

P. M. B. 5111.

Bank Road,

IBADAN,

Nigeria.

Telephone: Ibadan 61810

Telegraphic address:

Banking Ibadan

Incorporated in Nigeria.

Standard Bank Nigeria Limited

STRICTLY PRIVATE & CONFIDENTIAL

6th March, 1975.

The General Manager,
Western State Agricultural Investment
Corporation,
P.M.B. 5085,
Cocoa House,
Ibadan.



Dear Sir,

RUNNING OVERDRAFT FACILITIES

Further to my letter of the 20th February, 1975, I wish to advise you that I am now in a position to confirm that the Bank will be agreeable to increasing the facility at present enjoyed on the Headquarters Current Account from N100,000 to N200,000. I have noted that the documentary Letters of Credit facility is to be reduced from N100,000 to N50,000.

Yours faithfully,
FOR STANDARD BANK NIGERIA LIMITED,

[Handwritten Signature]
DIRECTOR,
MANAGER.

P. 285



wema bank limited

N6/32, Fajuyi Road, Adamingba, P.M.B. 6300, Tel. 22047, Ibadan.

Telegrams: Wemabank Ibadan.

WMB/IB/C/2286/VOL.1/6.

23th September, 1974.

The General Manager,
Western State Agricultural &
Investment Corporation,
Ibadan.



Dear Sir,

**RE: APPLICATION FOR ₦20,000.00 MONTHLY REVOLVING
OVERDRAFT ACCOUNT: ELRIYELE CASHW FACTORY -
(A SUBSIDIARY OF WESTERN STATE AGRICULTURAL &
INVESTMENT CORPORATION)**

We refer to the above application forwarded to our Head Office
30th July, 1974 for consideration.

We are pleased to inform you that the application has been considered
and approved as follows:-

- (1) ₦20,000.00 Monthly revolving overdraft approved.
- (2) Duration is Six months
- (3) Rate of Interest is 10% per annum
- (4) We have taken guarantee of the General Manager and the
Chief Accountant of the Western State Agricultural & Invest-
ment Corporation.
- (5) The fixed Deposit of ₦31,760.00 on your Fixed Deposit account
is to serve as additional security for this facility.
- (6) You should endeavour to obtain Government approval to
borrow without delay and a copy of this approval should be
forwarded to our Head Office, Credit Control Department,
Lagos as soon as possible.
- (7) You should please take notice that you are to increase,
Substantially, your Fixed Deposit in the near future.
- (8) You are to enjoy the above facility with immediate effect.

Kindly acknowledge receipt of this letter.

Yours faithfully,
for: WEMA BANK LIMITED

(B. T. LAVAL)
MANAGER.

Y. Bisi Akando

(General Manager)

NATIONAL BANK OF NIGERIA LIMITED

Cocoa House
P. O. Box 8343 Ibadan
Telephone: 25156 25157
Cables: Nationbank.
Telex: 21348

18

11th December, 1974

LOANS.

REF: AA/RB/PFB.

The General Manager,
W.S.A.I.C,
P.M.B. 5085,
Cocoa House,
Ibadan.


Dear Sir,

Application for a Loan of ₦400,000.00
and Overdraft of ₦100,000.00

With reference to your application dated 21st November, 1974, in respect of the above, please, be informed that it is not the policy of the Bank to grant loan or overdraft for a period of over twelve months i.e. one year. P.264

Perhaps you would prefer to re-apply to conform with our regulations.

Yours faithfully,
for: NATIONAL BANK OF NIGERIA LIMITED,


(PRINCE A. ALADESANMI),
M A N A G E R.

A.A.K. Degun

XXXXXXXXXXXXX (Deputy Chairman)
Kufoni Rotimi.
Chief Victor Gwofabi Esan.

AD/C.1/163/10.

4th March,

75

The Agricultural Development Officer,
Barclays Bank of Nigeria Limited,
Head Office,
40 Marina,
P.M.B. 2027,
Lagos.

For the attention of Mr. T.O.M. Osuntokun

Dear Sir,

Agricultural and Agro-Industrial Credit
Possibilities

May I refer to your recent visit to this office when you were so kind to leave the leaflets of the facilities being offered by your Bank for credit possibilities for agricultural and agro-industrial projects. I have carefully studied the prospectus and I am wondering whether or not let me have your application form for completion and return at the earliest.

2. My Corporation is proposing to spend about ₦3.5 million on capital projects including expansion of existing agricultural projects. For this purpose, it is the intention of my Corporation to make use of your credit facility in financing this programme.

Yours faithfully,

(Ipo. Morakinyo),
for: General Manager.

A/C.92/60

11th October, 74.

The Secretary to the Military Government
& Head of Service,
Office of the Military Governor,
Secretariat,
Ibadan.

For the Attention of Mr. A.O. Adebayo

Outstanding Correspondence from
Western State Agricultural Investment Corporation

You will recall that at the end of the discussion which you had with the Chairman and General Manager of Western State Agricultural Investment Corporation in your Office on 25th September, 1974 regarding the approach which Nipo Ltd. had made to you on the Corporation's land at the Mechanical Workshop Yard, Hoer Plantation, Ibadan which the Company requires for its expansion programme, you stated that the minutes of the meeting which the Board of the Corporation held with you on 27th August, 1974 had not been produced. I now attach herewith for your information and necessary action two copies of the minutes of that meeting.

2. The matters on which you will wish to take immediate action are:-

- (a) The appointment of a Committee to re-examine the Shoga Committee report on the assignment of the assets and liabilities of the dissolved Corporations with a view to arriving at a more equitable distribution of these assets as between the Western State Agricultural Investment Corporation and the Western State Industrial Investment & Credit Corporation;
- (b) The appointment of a Committee to examine the relationship between the equity capital and loan of Western State Agricultural Investment Corporation with a view to re-structuring them;
- (c) A re-examination of the assignment of loans which the Western State Agricultural Investment Corporation and Western State Industrial Investment & Credit Corporation took over with a view to identifying specific loans and assigning them accordingly and the sharing of unspecified loans equitably;
- (d) Approval of the Corporation's request for authority to negotiate for overdraft facilities and long term loans;
- (e) Approval of the Corporation's recommendations on the appointment of Nominee Directors to the Board of its Subsidiary Companies:-

1. Ilesha Rubber Estate Ltd.
2. Frontier Tobacco Co. Ltd.
3. Waterside Rubber Estates Ltd.
4. Nigerian Sugar Co. Ltd.

reference our letter A.C.51/9 of 14th March, 1974.

Desp. Am
11/10

00002/0

- (f) Clarification of the position with regard to Joseph Asaboro Co. Ltd.;
- (g) Re-assignment of staff quarters as between Western State Agricultural Investment Corporation and Western State Industrial Investment & Credit Corporation.;

3. I shall be most grateful if you will find time to take action on these outstanding matters.

(Handwritten Signature)
 (M. I. Oweye)
 GENERAL MANAGER.

ARCHIVE OF

CONFIDENTIAL

WESTERN STATE AGRICULTURAL INVESTMENT CORPORATION

Minutes of Meeting Held with the Secretary to the Military Government & Head of Service in the Office of the Military Governor on Tuesday 27th August, 1974

Present:

- | | |
|-----------------------|---|
| A.O. Adebayo, Esq., | - Secretary to the Military Government & Head of Service. |
| Chief E.A.A. Fadayiro | - Chairman, Western State Agricultural Investment Corporation. |
| M.I. Owoeye, Esq., | - General Manager/Member Western State Agricultural Investment Corporation. |
| A. Ayandele, Esq., | - Member, Western State Agricultural Investment Corporation. |
| Dr. A.O. Abifarin, | - Member, Western State Agricultural Investment Corporation. |
| Alhaji M.A. Adetunji, | - Member, Western State Agricultural Investment Corporation. |

In Attendance:

- | | |
|---------------------|--|
| F.F. Aiyetan, Esq., | - Acting Secretary, Western State Agricultural Investment Corporation. |
| A.I. Osanyin, Esq., | - Assistant Secretary, Office of the Military Governor. |

The meeting started at 12 noon.

2. On behalf of the Board of the Corporation, Chief Fadayiro greeted the Secretary to the Military Government and Head of Service and congratulated him for his recent elevation to the post of Secretary to the Military Government and Head of Service and wished him a successful tenure of office. He also expressed appreciation for giving the Corporation audience. He looked at Government agencies as members of a family of which the Secretary to the Military Government and Head of Service is head. He stated the reason which led the Board to seek an appointment with the Secretary to the Military Government and Head of Service which was the impression being given that sufficient attention was not being given to matters affecting the Western State Agricultural Investment Corporation and representations made to Office of the Military Governor on behalf of the Corporation.

3. Chief Fadayiro referred to the Shoga Committee report on the sharing of assets of the dissolved Western Nigeria Development Corporation between the Western State Agricultural Investment Corporation and the Western State Industrial Investment and Credit Corporation. The basis of the sharing of the assets was a bane. The report had never been accepted or rejected by Government but it continued to be used to the detriment of the Corporation. The Corporation had made representation to Office of the Military Governor but Government reaction had not been made known. He reminded the Secretary to the Military Government and Head of Service that Western State Agricultural Investment Corporation inherited all the directly operated projects of the Western Nigeria Development Corporation with the exception of the Pepsi-Cola Project. This showed the magnitude and complexity of the responsibility of the Corporation.

4. Chief Fadayiro also referred to the recommendations made to the Office of the Military Governor on the appointment of Nominee Directors who were to serve on partly owned companies. No reply had been received.

/The Board

5. The Board had been thinking of what to do with Premier Tobacco Company Limited which appeared to be a funny company before Government instructed that certain actions be taken in respect of allegations received on the Management of the Company. Corporation's report had already been sent to Secretary to the Military Government and Head of Service that morning.
6. Government had passed on Joseph Asaboro Company Limited to the Corporation. Although the Corporation was not keen to take over the Company, the affairs of the Company had been studied closely and recommendations made to Government. Government's reaction had not been made known.
7. On the question of finance, the Corporation was in dire need of money for its day-to-day operation. Those who were charged with the responsibility of running the Corporation had all along been showing keen interest but finance constituted a bottle-neck. Fund was required to reactivate the projects, purchase new plant and machinery and to replant old crops. This lead the Corporation to make a formal approach to the Nigerian Agricultural Bank Limited for a loan.
8. Chief Fadayiro went on to explain the action which the Corporation took in respect of Petroleum products requirement. The Corporation took steps to examine the possibility of obtaining better terms for the purchase of its petroleum requirements and to inform Government accordingly. It became known that petrol distributors were unable to offer better terms owing to the recent unification of prices throughout the country. As a result the Corporation had been taking its petroleum requirements from the Company which won Government contract. It was therefore with great surprise that a letter was received from the Office of the Military Governor signed by an Assistant Secretary calling the Corporation sharply to order. Members of the Corporation naturally felt that all their efforts to ensure that the Corporation was being run economically were not being appreciated by the Office of the Military Governor.
9. Nipol Limited applied for a piece of land from the Corporation at its Mechanical Workshop Yard. The matter was examined very closely. It was to be noted that the facilities available at the Corporation's Mechanical Workshop were much more than could be found in any of the commercial garages. For example, the water distiller which had already been installed in the Workshop could supply the distilled water requirement of the Western State. The movement and reinstallation of the workshop equipments would be expensive and in the process of removal, some of them could be damaged beyond use. Later, Nipol reduced their land requirement and on the intervention of the Office of the Military Governor this was made available. The Corporation had been giving sufficient co-operation to its sister Corporation the I.I. & C.C. but this cooperation had not been reciprocated. For example, the Corporation required additional accommodation at Cocoa House and the I.I. & C.C. refused to make available the surplus space at their disposal.
10. On the question of tax reclaim, agreement was reached to make the General Manager, W.S.A.I.C. and the General Manager W.S.I.I. & C.C. jointly responsible but the General Manager, W.S.I.I. & C.C. appointed a firm of Chartered Accountants to do this job without consultation with his counterpart in the W.S.A.I.C. This matter was not being expeditiously handled while the W.S.A.I.C. required every penny it could lay its hand on.
11. Alhaji Adetunji contributed to the discussion by making reference to the inadequacy of the facilities available for rubber processing and oil palm processing. He expressed the belief that the Shoga Committee put more money in the hand of W.S.I.I. & C.C. than the W.S.A.I.C. The Investment in the industrial project which the W.S.I.I. & C.C. took over was made from the assets of the agricultural sector of W.N.D.C. It would therefore be illogical for W.S.I.I. & C.C. to be comfortably placed financially whilst the W.S.A.I.C. was being starved.

/More staff

12. More staff quarters were allocated to W.S.I.I. & C.C. than the W.S.A.I.C. even though the latter possessed a greater number of officers who are entitled to the allocation of staff quarters. The W.S.A.I.C. required cement to carry out the building programme on its projects but the W.S.I.I. & C.C. could not meet our needs. In view of the W.S.A.I.C.'s need for fund, Government should arrange for such funds to be made available on loan from its sister Corporation with low interest rather than borrow from commercial banks with high interest.

13. The General Manager commented briefly on the illogicality of the basis of Shoga Committee's assignment of staff quarters. For example, all the five staff quarters at Ikeja were assigned to W.S.I.I. & C.C. who have no entitled officers at Ikeja whereas W.S.A.I.C. has a Sales Manager in Ikeja who should be housed in Corporation's quarters. He also noted that the undeveloped land was being cleared by the W.S.I.I. & C.C. with a view to developing it. On the whole 35 quarters were given to W.S.I.I. & C.C. with only 26 senior officers while 15 quarters were given to W.S.A.I.C. with 41 senior officers.

14. As an effect of the Indigenisation Decree most of the companies decided to pay to shareholders the money that had been placed in reserve. Similarly dividends which were usually paid in arrears all went to W.S.I.C. & C.C. whereas these should have been shared equally between W.S.I.I. & C.C. and W.S.A.I.C. With the shares that should have come to the W.S.A.I.C., it should have been possible to arrange to purchase and install two of the most needed machinery for the processing of rubber and oil palm, particularly now that rubber market was very good. Office of the Military Governor had previously suggested that a Committee should re-examine the question of sharing of assets. Accrued dividends as at 30th September should be shared by the two Corporations irrespective of the time it was paid.

15. On the assignment of loans, some loans were given for specific purposes while some were unspecified. It would be necessary to identify the specified loan and assign them accordingly. There should be a basis for the assignment of the unspecified loans.

16. The General Manager urged that urgent action be taken as regards the re-assignment of staff quarters as the Corporation was in dire need of residential accommodation.

17. Mr. Ayandele expressed the belief the Government appeared to be paying lip service to the encouragement of agriculture. The Corporation was very keen to obtain results but there was no adequate facilities for the Corporation to be run commercially. Dr. Abifarin supported this view. Agriculture was the main-stay of the Western State and Government should give full support to the efforts being made by W.S.A.I.C. The Corporation was expected to be oriented to commercial management but some forces appeared to prevent it from carrying out the good ideas which members of the Board had. This could be traced to official control.

18. The Secretary to the Military Government and Head of Service noted the good sentiments expressed by the Chairman, and other members. He intended to visit all the Corporations at work. He intended to visit the W.S.I.C. & C.C. on Tuesday 3rd September and the W.S.A.I.C. three weeks thereafter. He assured members that their appointments as directors of the Corporation was not by accident. The appointments were made on Government's knowledge of people who, after careful consideration, were considered able to manage the affairs of the Corporation to pay its way. His Excellency the Military Governor had spared no pains to ensure that this was done. He himself had no doubt that the members will emerge successful.

19. The Secretary to the Military Government & Head of Service assured the meeting that it was not true that the W.S.A.I.C. was not being treated as its sister Corporations. It had been generally accepted that agriculture was the main-stay of the State and the Government should therefore not treat with levity an agricultural organisation of the magnitude and complexity of the W.S.A.I.C. If there was delay in attending to any matter affecting the W.S.A.I.C., it was not intentional. /On the

20. On the question of the Shoga Committee's recommendation on the assignment of assets and liabilities, the Secretary to the Military Government and Head of Service undertook to re-examine the matter to see what the reactions of the Corporations were. Since the report had not been taken to Executive Council, a review Panel would be set up to re-examine the position before the matter was placed before the Executive Council. Secretary to the Military Government and Head of Service would take action in this connection.

21. On a question by the Secretary to the Military Government and Head of Service on the ratio between the equity and loan capital of the Corporation, the General Manager explained that the equity was N3 million while the loan element was N7 million. This was not acceptable in commercial circles as it affects adversely the image of the Corporation. In addition, the Corporation required overdraft facilities and long term loans and representation in this regard had been submitted to the Office of the Military Governor. The banks would require the Corporation's authority for seeking this loan as required in the law establishing it. The Secretary to the Military Governor and Head of Service did not foresee any difficulty and undertook to take the matter to Executive Council as soon as possible. The equity/loan ratio would be examined by a Committee. At the moment a Committee was working on old loans to identify those to be kept alive and those to be written off. He suggested that the Corporation should make representation to the Government should this affect the Corporation.

22. The Secretary to the Military Government and Head of Service was not aware that recommendations had been made on the appointment of Nominee Directors. The Premier Tobacco Company appeared dead when he passed through but he had been briefed on what action the Corporation was taking.

23. The Joseph Asaboro Company Limited was a little bit complicated. It appeared however that Government was nearing the end of the road. Mrs. Asaboro had made an effort to buy off the project and to pay off the outstanding debt thereon. Government was in the process of bringing all concerned into the negotiation. It was hoped that the matter would soon be finalised and that a letter would be addressed to W.S.A.I.C. next week to enter into meaningful negotiation with Mrs. Asaboro.

24. On the question of the award of tender, it was true that Government had accepted the principle of running the Corporations freely but since Corporation's funds came from the public it was Government's view that there should be a central body for the award of tender above certain level. He assured the meeting that he would follow the foot-steps of his predecessor to ensure that there would be no delay in the tenders procedure. The Secretary to the Military Government and Head of Service expressed regret for the tone of the letter referred to by Chief Fadayiro and assured that a letter would be issued to the Corporation confirming this. Furthermore, the Secretary to the Military Government and Head of Service undertook to ensure that speedy action would henceforth be taken on matters affecting the Corporation and reiterated the Government's interest in the Board of the Corporation.

25. Chief Fadayiro made an appeal that Commissioners and top Government officers should visit the Corporation's projects. This would increase their knowledge of the Corporation's activities and would serve as a fillip and encouragement to the workers. He also appealed to Secretary to the Military Government and Head of Service regarding the tarring of roads to the Corporation's plantations e.g. Ijebu Farm Project, Apoje and Upper Ogun Estate. This would assist in the evacuation of produce now that prices were favourable.

26. The meeting rose at 1.20 p.m.

I b a d a n,
11th October, 1974.

A.516/44

11th February, 75

The Chairman,
West African Portland Cement Manufacturing Co.,
P. O. Box 1001,
Lagos.

For the attention of Mr. Odeniji:

Dear Sir,

Supply of Cement

It will be recalled that when the ~~former~~ W.A.P.C. was dissolved, the distributorship right which your Company granted that Corporation continued to be exercised by the Western State Agricultural Investment Corporation until the arrangement was later reviewed and this right was vested in our sister Corporation, the Western State Industrial Investment and Credit Corporation, which now handles the distribution of cement. With this change it became incumbent on my Corporation to come to a mutual agreement with the I.I.C.C. for regular allocation of cement to carry out various capital projects which the Corporation had embarked upon at its plantations. A list of the construction works which have been approved for execution during the current financial year is given hereunder, indicating the quantity of cement required in each case:-

(a) Lifelu Farm Project:

We require cement for the construction of bathrooms and cloak-rooms for our labourers for which they have been agitating for a very long time. We will require 20 tons of cement.

(b) Araromi Rubber Estate:

The following buildings are to be constructed during the current financial year:

- (i) 4 types of 10 bedroom buildings to be used as labour line.
- (ii) 4 blocks of Type 'D' houses for Intermediate Staff.
- (iii) A bungalow staff quarter for the Engineer.
- (iv) Modification to Rest House by adding 2 bedrooms and a sitting room.
- (v) Senior staff Recreation house.
- (vi) Construction of Seak Away and Water System.
- (vii) Extension to existing main office block.

It has been estimated that about 100 tons of cement will be required. Under the Araromi Rubber Estate there is also an urgent need to construct a Warehouse/Store for storage of our processed rubber which are ready for sale. At the moment these bales of rubbers are stored outside and are subject to deterioration by weathering. A sum of N15,000 has been earmarked for construction of a Warehouse as a matter of priority and the quantity of cement required for this has been estimated to be 40 tons.

(c) Upper Ogun Estate:

The Corporation intends to construct a Rest House on the Estate and also to construct two bridges and our requirement for cement for these two projects has been estimated to be 30 tons.

(d) Oda-Akure Cocoa Plantations:

Extension to the Rest House of 2 bedrooms, a sitting room and a garage as well as the construction of a dam and a fish pond where we will require at least 60 tons of cement.

(e) Remo Rubber Plantation:

This Plantation has just been transferred to the Corporation and the two senior staff quarters of the Plantation were handed over to us by the Ministry of Agriculture & Natural Resources on the agreement that the Corporation will build two similar staff quarters on the area occupied by the Ministry in exchange for these two houses. The quantity of cement required for these two houses are estimated to be 70 tons. In addition, we require about 10 tons of cement for extension to our Smoke Room and the Rubber Factory, making a total of 80 tons.

(f) Mechanical Workshop:

We will require 50 tons of cement for maintenance of quarters and for various minor constructions at Eleiyelo Gashew Factory, Lafia Canning Factory, Ibokun Cocoa Plantation, Eruwa Estate and Iwo Estate.

2. The arrangement with the I.I.C.C. has not operated quite successfully as we have experienced great difficulty in securing regular monthly allocation of cement through that source. This, understandably, is because the I.I.C.C. already has large number of requests to deal with. The result is that their response to our demand has always been very small and sporadic.

3. It is, indeed, regrettable that owing to this irregular allocation, we have had to suspend most of our construction works which are of national importance. One of the projects concerned is an irrigation dam at our Oda-Akure Cocoa Plantation. The position here is that the dam is in jeopardy if it is not completed before the rainy season, as we have finished all the preliminary work which involves excavation of large area of land.

4. As things are at the moment, we may not be able to proceed with the construction works we have already started since the I.I.C.C. cannot guarantee regular supply of cement to execute the projects. This, therefore, is the main reason why we have decided to approach you through this medium for your possible assistance to get us out of our present predicament by making to us direct allocation of the 380 tons of cement which is our total requirement, up to September 1975 in accordance with the following programme:

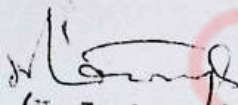
February	1975	....	30 tons
March	1975	....	50 "
April	1975	....	50 "
May	1975	....	50 tons
June	1975	....	50 "
July	1975	....	50 "
August	1975	....	50 "
September	1975	....	50 "

46

- 3 -

5. We look forward to your favourable reply to this request at an early date.

Yours faithfully,


(M. I. Owoeye)
General Manager.

* 610

ARCHIVE OF OYSCAC



The West African Portland Cement

COMPANY LIMITED

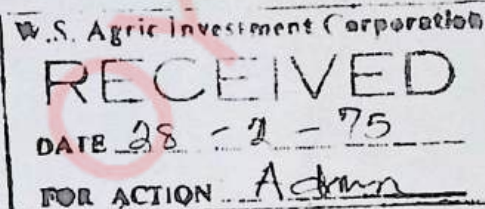
INCORPORATED IN NIGERIA

'ELEPHANT HOUSE' 12km. IKORODU ROAD, P. O. BOX 1001, LAGOS.
TELEPHONES 31264, 31272, 31325, 34197. TELEGRAMS & CABLES, WAFCEMCO LAGOS

Our Ref. 17.03/42/75

25th February 1975

The General Manager,
Western State Agricultural Investment
Corporation,
P.M.B. 5085,
IRADAN.



Dear Sir,

We regret to note from your letter of 11th February 1975 that some of your Corporation's important projects have had to be suspended because the WSIICC, our Distributor, from whom your expected regular supplies have not been able to maintain steady supply of cement to your Corporation for use on these projects. The WSIICC has quite a sizeable allocation, i.e. relatively speaking, and might have just been able to assist such important projects. But, as you rightly admitted, the demand on their limited allocation must have been such as to make it impossible for them to meet your Corporation's requirements.

In the light of above, we have made the following allocations available to you as per your request.

March	50 tonnes
April	50 "
May	50 "
June	50 "
July	50 "
August	50 "
September	50 "
October	50 "

We would request you to make payment to WSIICC who, by copy of this letter, are requested to process your orders in good time.

.../2

You may be aware of our present system of delivering allocations to the sites of the projects for which the allocations are made. In this case, you should please advise us, through your Distributor, of the delivery address for each of the projects and how much of the monthly allocations should be delivered to particular projects every month. WSIICC have the price list for the areas to which we deliver stocks.

We will be delighted to play our part in ensuring the success of your projects which are vital to the whole economy of the State.

Yours faithfully,

For: THE WEST AFRICAN PORTLAND CEMENT COMPANY LIMITED

cc: WSIICC
cc: S.A.M.

RECEIVED
OFFICE OF THE
ATTORNEY GENERAL
STATE OF NIGERIA
LAGOS

~~ANNEXURE TO~~~~MEMORANDUM NO. XX/74/EX/XX~~

OFFICE OF THE MILITARY GOVERNOR

IBADAN . WESTERN STATE OF NIGERIA

Our Ref. No. SP/S.286/666

Date: 24 June, 1974.

The General Manager,
Western State Agricultural Investment
Corporation,
Cocoa House,
P.M.B. 5085,
Ibadan.

Contract for the Supply of Petroleum Products

The minutes of the meeting of your Board held on 25th April, 1974 has been placed before His Excellency the Military Governor. His Excellency has observed that the decision of your Board in connection with the contract for the supply of petroleum products as contained in paragraph 178(xii) of the Minutes is most irregular. You will appreciate that the procedure which has been in use since 1971 is that all Corporations should come within the same scheme as that by which Government itself obtains supply of petroleum products. This procedure has not been rescinded.

2. The excuse given by your Board that since Government was not making much progress on executing a contract for this financial year it would go ahead on its own to sign contracts with Mobil Oil (Nigeria) Limited is certainly untenable because even though it has not been possible to finalise a fresh contract for the current year, Government has made temporary arrangements whereby the supplier for last financial year has agreed to provide supplies until the end of June when it is hoped that the problem of executing a normal contract for the year would have been finalised.

3. His Excellency the Military Governor has therefore directed that your Corporation should be called sharply to order and be reminded of Government directive on the matter. Your Corporation should continue to use the same source of supply as Government and all the other Corporations now use.

Sgd. (B. Pelu)
for Secretary to the Military
Government and Head of Service.

AG/C.25/278.

3rd January, 75.

The Permanent Secretary,
Ministry of Works and Transport,
Secretariat,
Ibadan.

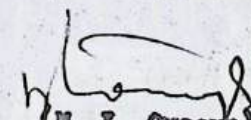
For the attention of Mr. F. A. O. Ogun.

Tarring of Access Roads to Government's
Agricultural Plantations.

By Executive Council Conclusion 4 No. 40(70)207(M/S.123) of 16th July, 1970, the 98 miles of access roads previously maintained by the Western State Agricultural Investment Corporation were designated Council roads to be maintained on behalf of the Council concerned by your Ministry. Your Field Officers who were in charge of the various administrative areas where these plantations were sited had co-operated as much as possible to maintain these access roads. In some cases, due to inadequate funds and or lack of equipments, the roads particularly during the wet season had deteriorated very badly and have therefore caused hardship in handling evacuation of produce from our Plantations.

1. I wish to recall that the Executive Council had in 1970 requested the Ministry of Works and Transport to make a case to the Treasury Board on the expenditure required to make these roads permanent. I would indeed be grateful if you could consider including tarring these roads in your 1975/76 programme.

2. Particulars of these roads are attached to this letter for your information.


(H. I. Owoye)
General Manager.

Mr. I. O. Oluyemi,
Ag. Controller of Works,
Ministry of Works & Transport,
Ibadan.

Above is for your information and necessary action.


(H. I. Owoye)
General Manager.

PARTICULARS OF ACCESS ROADS MAINTAINED BY N.S.A.I.C.

LOCATION	MILEAGE	REMARKS.
1. Oniparaga/Araromi Rubber and Oil Palm Plantation.	19	This road also leads to Ibiade and no tolls are collected.
2. Akure-Oda Cocoa Plantation	19	Tolls are collected from Timber Lorries.
3. Ijobu-Igbo/Ijobu Farm Project, Apojo	7	The road leads to several villages around Ijobu Farm Project. Tolls are collected only from Timber Lorries.
4. Ibokun/Ibokun Cocoa Plantation	4	The road links Ibokun with Oshogbo. 4 Miles stretch of it is maintained by the Corporation and no tolls are collected.
5. Isayin/Upper Ogun Cattle Ranch	16	The road links Isayin with several villages around Upper Ogun. No tolls are collected.
6. Owo/Isuanda Coffee Plantation	2	Tolls collected from Timber Lorries.
7. Irele/Irele Oil Palm Plantation	3	Roads links several villages beyond the Plantation with Irele. Tolls collected from Timber Lorries.

ARCHIVE

MINISTRY OF WORKS



AND TRANSPORT

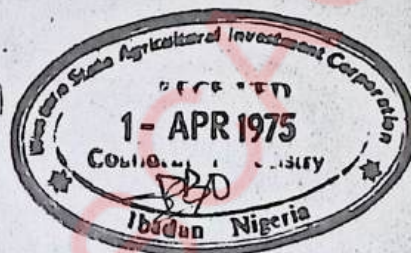
HIGHWAYS DIVISION

IBADAN · WESTERN STATE OF NIGERIA

Your Ref. No.....
All communications should be
addressed to the Permanent Secretary
quoting
EW.1144/6
Our Ref. No.....

26 March, 1975.
Date.....

The General Manager,
Western State Agricultural Investment
Corporation,
P.M.B. 5085,
Ibadan.



Sir,

TARRING OF ACCESS ROADS TO CORPORATION'S AGRICULTURAL PROJECTS

P. 278 I am directed to refer to your letter No. AG/C.25/278 of the 3rd of January, 1975 and to inform you that the Ministry has already drawn up a programme for the reconstruction of the roads formerly maintained by the Western State Agricultural Investment Corporation.

2. Hereunder is the programme for the reconstruction:

- | | | |
|--|---|---|
| (i) Oniparaga/Araromi Rubber and Oil Palm Plantation | - | To be constructed during the reconstruction of Oniparaga-Ibiade Road 1975-76 |
| (ii) Akure-Oda Road Cocoa Plantation | - | Already included in the 1975-80 National Development Plan; |
| (iii) Ijebu-Igbo/Ijebu Farm Project Apoje | - | To be constructed during the reconstruction of Apomu-Ijebu-Igbo Road 1975-76; |
| (iv) Ibokun/Ibokun Cocoa Plantation | - | To be constructed during the construction of Oshogbo-Ibokun Imesi-Ile-Okemesi-Ikoro Road 1975-76; |
| (v) Iseyin/Upper Ogun Cattle Ranch | - | The Divisional Engineer, Oyo to do this by Direct Labour 1975-76 by Direct Labour; |
| (vi) Owo/Isuada Coffee Plantation | - | Already included in the 1975-76 Development Plan; |
| (vii) Irele-Irele Oil Palm Plantation | - | To be constructed during the reconstruction of Irele-Omi-Iyasan Road. |

3. All these roads are in the 3rd National Development Plan and efforts will be made to carry out the reconstruction as planned.

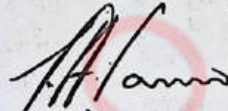
4. The Superintending Engineer and the Divisional Engineers have been instructed to continue with the maintenance of these roads as Trunk Road 'B'.

200
- 2 -

I have the honour to be,

Sir,

Yours faithfully,



Engr.(Chief) E.A. Taiwo,
for: Permanent Secretary,
Ministry of Works and Transport.

NIGERIAN INSTITUTE FOR OIL PALM RESEARCH

Private Mail Bag 1030, Benin City, Nigeria.



All correspondence to be
addressed to the Director

Our Ref. 4155/S.4/418

Telegrams: "PALMS BENIN"
Telephone: BENIN 53.

9th January, 1974

General Manager,
Western State Agric. Investment Corporation,
Cocoa House,
P. M. B. 5085,
Ibadan.



Dear Sir,

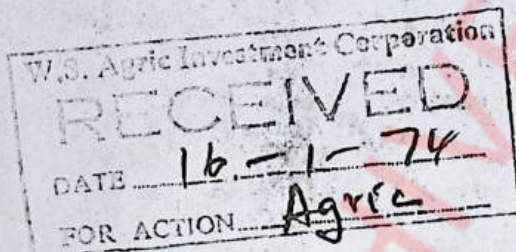
ORDER FOR SPROUTED OIL PALM SEED

P.7 I am directed to refer to your letter No. AG.31/3B/281 dated 4th December 1973, placing order for 120,000 sprouted oil palm seed and to inform you that it has been decided **not** to supply seed to Western State Government and its Corporations until previous debts are cleared and payments are made in full before delivery of fresh orders.

P.9 2. This decision was taken because Ministry of Agriculture refused to pay for seed purchased from this Institute by the Ministry and The Nigerian Joint Agency through the Ministry - in spite of several letters and three personal visits from the Director, NIFOR. This decision was communicated to the Permanent Secretary, Ministry of Agriculture in a confidential letter dated 9th November 1972. The total amount outstanding is ₦17,610.63. If you can get the Ministry of Agriculture to settle this amount and pay for the seed you now want, we will supply.

Yours faithfully,

E. U. Isang
E. U. Isang
for: Director



ARCHIVED

WESTERN STATE AGRICULTURAL INVESTMENT CORPORATION

P.M.B. 5085,
Cocoa House,
Ibadan.

Ref.No.AG.31/3B/T/2A

Ibadan, 23rd January, 1974.

Confidential

**The Permanent Secretary,
Ministry of Agriculture and
Natural Resources,**

**Secretariat,
Ibadan.**

Dear Sir,

Overleaf for information please.

Yours faithfully,

(Soba Togun),
for General Manager.

ST/Odet.

ARCHIVE



Telephone: IBADAN 62810—62812

Western State Agricultural Investment Corporation

(A STATUTORY ORGANISATION OF THE WESTERN NIGERIA GOVERNMENT)

Telegrams, Cables: AGRINVEST, IBADAN
A/C.61/1/54

OUR REF:

YOUR REF:

PRIVATE MAIL BAG 5085

FLOORS 17—19,

COCOA HOUSE

IBADAN

25th February, 75

19

The Secretary to the Military Government
and Head of Service,
Office of the Military Governor,
Agodi,
Ibadan.

attached May I please invite your attention to our letter No. A/C.61/1/1 of

14th January, 1975, wherein it was stated that as a result of Udoji Salary Awards, the Corporation would not be in a position to meet the additional cost to our wages and salaries bill and therefore requested the Government to confirm that not only the arrears would be made available but that the government would continue to give subsidy to the Corporation to meet the subsequent additional cost. We spell out below the implications of Udoji Salary Awards, on our various projects:

Labour Cost: In all our Agricultural Plantations and Agro-based Industries, labour constitutes on the whole 70 per cent of our costs and the effect of the Udoji Salary is that our cost has increased by over one hundred per cent. No matter whatever management expertise is brought into operation, no matter whatever saving devices are introduced and no matter whatever economies that may be applied, those would have very little or no effect in view of the astronomical increases in wages. It is not possible to make our workers to double their productivity. We have not got enough working capital to introduce necessary labour saving devices and we have not got fund to expand our agricultural plantations to be able to absorb the additional cost as a result of large scale operation. More importantly, we have not got fund to buy necessary machinery whereby we can have maximum returns by processing our rubber under the most modern methods by employing the most up-to-date machinery. The same thing applies to the processing of our palm bunches.

2. The effect of the Udoji Salary Award can be graphically demonstrated by taking for an example Araromi Rubber Plantation which has been one of our best projects until recently and despite the fall in the prices of rubber in the World Market. Before the Udoji Salary additions to our cost, we are able to make 50 per cent gross profit at Araromi Rubber Estate before

depreciation and amortisation but from the calculations already made taking Udoji Salary additions into consideration, this plantation will make 33 per cent gross loss. It is not surprising for the fact that this plantation carries a labour strength averaging 1,800 labourers every month excluding the established staff of 152 employees. The Udoji Salary arrears paid for the ten months for this Plantation alone was ₦369,922.61 under the first conversion table approved for the Corporation. The new conversion table just released to the Corporation will add more to this cost. This is being calculated. With Udoji Salary awards, it is just impossible to run any agricultural project profitably. This is true of all our agricultural projects. The total arrears paid by the Corporation so far amounted to ₦1,081,979.42. If this figure is extended to a whole year, it thus means an additional sum of ₦1,298,375.00 to our cost annually. This is the effect of Udoji on salary and wages alone.

3. As a result of the world-wide inflation which has been aggravated by Udoji Salary Awards, costs of materials which are essential input into our production have also gone up considerably and in some cases, it has doubled. Examples of such materials are fertilisers, spare parts, stationeries, drugs. These are bound to affect our revenue adversely.

4. It may be argued that with the approved high wages to be paid, it may assist the Corporation to improve the labour recruitment on the various plantations which has constituted a serious problem in maintaining the plantations effectively. It would appear the reverse is the case, from the reports reaching us from the plantations. It is a notorious fact that most of the citizens of the Western State never like to work on the plantation and few that go there to work do so for certain objective of accumulating sufficient fund to buy tools for the trade which they have learnt either as Carpenter or Bricklayer or to find money to obtain licences as Drivers. As soon as they are able to accumulate such fund, they always desert the farm. As a result of the payment of arrears, some of the labourers have collected sizeable sum of money which they could not have saved for years. The consequence of this is that our labour strength has dwindled. Some of the labourers have left as soon as the Udoji Salary Awards were paid to seek their fortune elsewhere. In effect, the shortage of labour has become more acute.

5. In the past, salaries in the Corporation were slightly higher than

those available in the civil service and in the teaching field but as a result of the harmonisation carried out by Udoji Salary Review Commission, this advantage in favour of the Corporation had been removed. It is going

to increase our headache in recruiting suitable Management staff of right calibre. The Corporation is in competition with other commercial agricultural plantations and other commercial organisations in the recruitment of management accountants, engineers, and other senior management staff. With our previous salary scales which ~~was~~^{were} then higher than the civil service, we experienced difficulty in attracting staff of right calibre as they prefer higher salaries in other commercial organisations that are based in the townships. Now we will not only lose all our experienced staff to commercial organisations, we will lose some of them to the civil service as well as to the teaching profession.

6. Agricultural graduates offered appointment shortly before the release of Udoji Salary Awards have now rejected our offer in favour of teaching profession. Similarly, an accountant has resigned and another accountant offered appointment has rejected our offer. We are in need of these qualified accountants very badly. The need for the salary paid by the Corporation to be more attractive than the one in the civil service and the teaching profession and to be competitive with those in the commercial organisations could not be overemphasised particularly when some of these professional men are expected to stay in remote areas where there are no amenities and other facilities that are available in the towns. There is the need for the Corporation to be given some latitude to introduce some fringe benefits to attract officers to work in remote places like Apoje, Araromi, Oda-Akure, Upper Ogun and Eruwa.

7. We also like to point out that in commercial organisations when wages and cost of materials rise, such organisation will automatically increase the prices of their products. The Corporation is not in a position to do so in respect of its major products. In the first place, price of rubber which constitutes our main source of revenue is internationally controlled. The Corporation cannot therefore increase the price of its rubber unilaterally. The prices of cocoa, palm kernel, palm oil and grapefruit are fixed by the government. The few products whose prices we can manipulate are canned products, cashew nuts, coffee and steers from Upper Ogun and these constitute

a negligible percentage of our source of revenue. There is then a very strong case for the government which determines the prices of our products to increase the producers prices substantially by the same proportion by which wages have been increased or alternatively the government should provide necessary subsidy to keep the Corporation going. It should be noted that the government realises substantial sum of revenue by its control of prices of our products. For example, last year, the Nigerian Produce Marketing Company purchased a ton of palm oil for ₦220.00 from the Corporation whereas if the Corporation had been allowed to sell its palm oil in the open market, it could have realised ₦320.00 per ton. The same thing is true of cocoa and palm kernel. The stage is now reached for the government to reexamine its policy of making the Agricultural Investment Corporation to run as a sound commercial organisation by providing necessary atmosphere and conditions which are conducive to such commercial operations. All over the world, agriculture is subsidised substantially by the government. The government is therefore invited to underwrite any short fall in our revenue and to provide necessary fund to buy urgently needed capital equipments that will enable us to reduce the unfavourable incidence of Udoji Salary increase on the Corporation.

8. The Management had not accepted defeat as we have examined ways and means of reducing the adverse effect that this wage increase will have on the Corporation and the various suggestions proposed by the Corporation are stated in general terms in the attached Annexure I. These suggestions will require further studies and examination to assess the economic and social justification of every proposal.

9. At this juncture, we would like to invite the attention of the government to paragraph 473 of the Udoji recommendations which reads as follows:-

"We recommend that:

1. A clear-cut distinction be made between statutory corporations established by particular decrees, and incorporated companies, established under the Companies Decree. Public enterprises which are essentially infrastructural in purpose and whose objectives and operations require close government control to ensure consistency with public policy, should be statutory corporations, e.g. public utilities, financial institutions, etc. Enterprises that do not meet these criteria should be established under the Companies Decree.

Decrees establishing statutory corporations should clearly define the objectives and governing policies within which the Corporation operates".

It will be seen that this Corporation does not meet the criteria laid down for statutory corporations and it should be incorporated as a limited liability Company. If this is done, there will be more freedom to implement measures that will make the Corporation run more efficiently and be able to pay its ways. The government may have to accept certain drastic changes:

- (i) The government should accept that certain staff will have to be declared redundant and fund should be provided to pay necessary retiring benefits to such staff and employees.
- (ii) The government should also accept the social effect of throwing hundreds of workers into the unemployment market. As a practical example, if we will have to operate as a sound commercial concern with the Udoji Salary addition to our bill at Araromi Rubber Estate, we will require just about 600 labourers instead of the present 1,400. This means that we will have to change our mode of operation by introducing polythene bags for tapping instead of plastic cups. Collection of latex will not be done daily as at present hence we cannot produce sheets rubber of high grade but collection of latex will be done twice a week and as a result of coagulated lumps, we will have to produce crump rubber instead of sheets. Thus, purchase of Crump Rubber Processing Machine becomes a priority. We will need ₦400,000 to ₦500,000 to purchase this machinery. The government will have to weigh the effect of throwing about 800 workers and their families out of regular employment and secured living against the question of providing regular subsidy to the Corporation.
- (iii) Alternatively, the project should be closed down completely. This is not advised for obvious reasons.
- (iv) The government should accept the responsibility for meeting the extra wages bill for the Corporation as a result of the Udoji Salary Review or merge the Corporation with the Ministry of Agriculture and Natural Resources if by that method it will enable the government of Western State to obtain financial assistance from the Federal Government under the Federal Government Agricultural Programme.

- (v) That the Corporation should be incorporated as a Limited Liability Company and to be run as a commercial organisation. The government will have to accept the implications of retraining several hundreds of workers. The redundancy exercise could be easily carried out more smoothly and expeditiously if incorporation method is adopted. Fund will have to be made available for paying retiring benefit and redundant pay.

8. The financial problems of the Corporation were quite stupendous even before Udoji Salary Award as we require as much as ₦5,000,000.00 to buy new mills, processing machines and other capital equipments. Lack of modern equipments has not enabled the Corporation to tap fully all the resources on its various plantations. When the problem of wage increases are added to the existing financial headaches, the effect will be very devastating on the Corporation. The government is therefore called upon to pay special attention to the situation outlined above and to take suitable decisions before the position is further confused by agitation from the Unions if the new salary and wages bill could not be paid by the Corporation.

(M. I. OWOEYE)
GENERAL MANAGER.

A/C.61/1/54A

25th February, 1975.

CC.

The Permanent Secretary,
Ministry of Finance,
Ibadan.

The Permanent Secretary,
Ministry of Agriculture & Nat. Resources,
Ibadan.

The Permanent Secretary,
Ministry of Economic Planning & Reconstruction,
Ibadan.

The Director,
E.P. P. U.,
Ibadan.

Above for your information and necessary action.

(M. I. OWOEYE)
GENERAL MANAGER.

14th January, 1975.

The Secretary to the Military Government
and Head of Service,
Office of the Military Governor,
Agodi,
Ibadan.

Implementation of the Public Service Review Commission Award:
Request for Fund to meet Additional Cost

I wish to invite your attention to the White Paper and the Report of Public Service Review Commission which was published recently and to the various Press Reports pointing to the fact that the arrears arising from this awards are expected to be paid on the 17th January, 1975 and that the new salary should commence with the February's payment. I also wish to inform you that the Secretary-General of the Industrial, Farm, Plantation and Allied Workers Union has already notified the Corporation demanding that the arrears of the salary award be paid not later than 17th January, 1975 as directed by the Government and that the new salary should be paid as from February and that failure to comply with the Government directives, his Union would resort to Industrial action.

2. We have made a rough calculation of the financial involvement to the Corporation in respect of the arrears and the additional cost to the Corporation subsequently. The arrears of Wages is roughly ₦850,000 while the arrears for Salaries is roughly ₦54,000 making a total of ₦904,000 to be paid as arrears from April, 1974 to December, 1974. The monthly additional bill resulting from Udoji Salary Awards is ₦100,000 roughly. The Government is aware that our present Budget is not based on this new salary scales and that the Corporation is just managing to cover its costs. I should be grateful therefore, if the Government would confirm that the amount of ₦904,000 to pay the arrears would be provided and that the subsequent Corporation's additional monthly bill of ₦100,000 in respect of wages and salaries will also be met by the Government. The above figure is a rough estimate of the financial involvement based on approximation. The final figure may well be higher when the feasible conversion tables are released. It will be appreciated if the additional fund required as outlined above is released to the Corporation in time to avert any possible Industrial action from the Union as the Corporation is not in a position to pay the new salary awards.

3. I hope to make a comprehensive submissions to your Office very soon on fundamental issues arising from the Udoji Salary Awards as this may have far reaching consequence on the future of this Corporation.

4. I should be grateful for your immediate action on this letter.

(SGD) (M. I. OWOEYE),
GENERAL MANAGER.

A/C.61/1/1A
14th January, 1975.

CC.

The Permanent Secretary,
Ministry of Finance,
Ibadan.

Overleaf for your information and necessary action.

(M. I. Owoeye)
GENERAL MANAGER.

ARCHIVE OF OYSCAC

WESTERN STATE AGRICULTURAL INVESTMENT CORPORATION.

Management Proposal to improve productivity and to Reduce Costs in order to minimise the Unsalutory effect of Udoji Salary awards on the operations of the Corporation.

- (A) SHORT RUN MEASURES.
- (i) On the rubber plantations, the number of trees being tapped daily by Tappers should be increased reasonably. Each tapper will have to cover a wider area and to produce more gallonage of rubber for his day wages. This will lead to the reduction in the total number of tappers engaged thus the tapping cost per kilometre of rubber will be correspondingly reduced. Similar action should be taken to increase the number of Oil Palm Bunches to be harvested on the Oil Palm Plantations. Harvesting of Cocoa Pods and Oranges etc. should be similarly affected.
- (ii) It is recommended that Sunday work should be discontinued because output is one man day task whilst payment is a time and half.
- (iii) The number of auxiliary hand not connected with direct production e.g. Clerical Staff, Typists, Mechanics, Bricklayers, Carpenters are to be reduced to the bearest minimum.
- (iv) Field and Manual workers whose productivity are very low due to old age should be retired. This will include several labourers who had substantially reduced their age at the time of recruitment many years ago with the result that they have now grown older than their official age and their productivity had deminished considerably.
- (v) The use of labour saving devices which will involve reduction in production cost are to be introduced e.g. introduction of mechanical slashers in all the Plantations. This will however require a preliminary exercise of stumping trees on all our plantations by application of heavy mechanical equipments like bulldozers etc. The Corporation should strive to find the initial capital outlay for the purchase of the machinery.

- (vi) All vacant large areas of land inside planted blocks which are being maintained along with successfully established areas should be utilised by planting food crops, like plantain, bananas and citrus to reduce cost of maintenance in term of output.
- (vii) The uncultivated area of land in most of the Corporation's Plantations should be earmarked for growing of food crops, like maize, rice, tomatoes etc. In order to avoid excessive labour costs, suitable mechanisation should be adopted where feasible.
- (viii) Serious attention should be given to introduction of mixed farming on projects that are found suitable. Poultry keeping can easily be introduced in Remo Rubber Plantation where there are existing iron poultry cages. The Rivers and the abundant perennial streams at Ijebu Farm Project, Apoje, Araromi Rubber Estate and Oda Akure Cocoa Plantation should be dammed into fish lakes and ponds. It will cost a little extra for such projects to be supervised along with the existing tree crops by the same number of staff. Steps should also be taken to introduce Piggery and Rabbitery to some of the Plantations as these are considered to be very profitable and it will supply necessary protein that are lacking in the diet of most Nigerians.
- (ix) Immediate steps should be taken to complete the Rubber Factory at Remo Rubber Estate by installing labour saving devices to the standardisation tanks.
- (x) The proposal to instal crump rubber machinery at Araromi and Remo Rubber Estates should be pursued very vigorously as most rubber estates have adopted the crump system of producing rubber in preference to sheets and crepe rubber production. The advantages of crump rubber production are :-
- (a) reduction in tapping labour cost because polly bag tapping system can be adopted whereby rubber latex need not be collected daily but can be collected every other day. This will considerably reduce the cost of labour;
- (b) reduction in the use of chemicals both in the field and in the factory which constitute substantial cost elements in sheet production will be avoided as very little chemi-

- cal will be required in crump rubber processing;
- (c) there is greater demand and higher prices in the world market for crump rubber than for sheets on crepe rubber.
- (xi) The Corporation is short of vehicles required for evacuation of produce and as a result there is often deterioration in the quality of produce when they are stored for a long time. Funds should therefore be obtained by all means to purchase lorries, latex tankers, palm oil road tankers and tractors for transportation of farm produce.
- (xii) Delay in obtaining adequate spare parts for repairs of vehicles and machinery especially Pioneer Oil Mills which are subject to frequent breakdowns, had often stepped up the cost of production. Efforts therefore should be made to order spare parts in large quantity to enable repairs to be carried out expeditiously.
- (xiii) The economics of conveying oil palm bunches from Irele and Lomiro Oil Palm Plantations to the new Okitipupa Oil Palm Complex should be examined and compared with the continued use of the out-dated mills at Irele and Lomiro which breakdown frequently.
- (xiv) The Marketing Manager should undertake an overseas visit for the purpose of getting new markets for our rubber products. This will enable the Corporation to sell direct to the manufacturers instead of through middle-men who will normally make their own profit margin.
- (xv) The Corporation should gear up its publicity and advertisement campaign to publicise some of its products which are not moving very fast, like the lemon juice and grape juice from Lafia Canning Factory.
- (xvi) The Corporation should adopt all commercial practices concerning discipline of staff whereby Managers can take on the spot disciplinary action against established staff up to a certain level without being tied down to bureaucratic establishment circulars.
- (xvii) Merits awards for excellent performance by projects and indivi-

duals at various levels of operation should be introduced. This will encourage healthy rivalry and better performance at all levels.

- (xviii) The existing mutual co-operation and trust between the Management and Workers' Union should be encouraged to prevent unnecessary labour unrest that may affect production.
- (xix) The Government should be persuaded to maintain effectively, the roads leading to the various Plantations which are in a very bad state of disrepair. It should in fact be emphasised that the roads leading to Ijebu Farm Project, Apoje, Oda Akure and Upper Ogun Estate should in fact be tarred to allow for quick evacuation of products and to reduce the cost of maintaining Corporation's vehicles. It will also open up some of these Estates with tourist attraction to outside world and it will provide another source of revenue to the Corporation and the State.
- (xx) Necessary consideration should be given to introduction of fringe benefits or hardline allowance for the middle and Senior Management staff that may be posted to Plantations. This will enable staff to be attracted to stay on the Plantation who otherwise would have not accepted postings to plantations. Corporation should also provide funds to improve amenities on the Plantations so as to boost the morale of the workers. Some of the workers are living under very appalling conditions at the moment.

(B) LONG RUN PROPOSALS TO BE ATTENDED TO BY THE STATE OR THE FEDERAL GOVERNMENT.

In all the Agricultural Projects before the Udoji salary awards, labour constitute 77% of our total expenditure. It is estimated that all the recommendations in (A) above can only reduce the labour cost by about 5 to 10% while the Udoji salary awards have now increased the general labour cost by 100%. The effect is that the Agricultural Projects which had been making reasonable profits will now be making substantial losses, e.g. Araromi Rubber Estate, which was making 50% gross profit before depreciation and amortisation will be making 33%

gross loss as a result of Udoji salary awards. As the Corporation depends largely on the revenue obtained from Araromi Rubber Estate to maintain its non-viable projects, some of our projects cannot therefore survive with the Udoji salary increases. It will therefore be necessary for Government to subsidise all Agricultural Projects.

2. The Federal Government and the State Government must save the Agricultural Projects from collapse as agriculture is labour intensive. The Agricultural Investment Corporation had on its payroll over 5,000 employees. Government would have to count the cost of the social consequence of throwing thousands of people who are gainfully employed on agricultural projects into streets.

3. The Government determines the selling prices of some of the Agricultural Products like Cocoa, Palm Kernel, Palm Oil, Coffee etc. It is recommended that the prices of these commodities be increased proportionately as the wages had increased.

4. The Government should direct the manufacturing Industries that are using rubber as a raw material like Dunlop Nigerian Industries Ltd., Odutola Tyresoles Ltd., Michelin Tyres Ltd. to expand their factories so that they can absorb all rubber that are being produced on the Plantations for manufacturing all types of tyres etc. instead of importing tyres from abroad. The Government can therefore purchase all processed rubbers being produced at reasonable prices when prices become depressed and that the Government would release such rubbers into the market when the prices improve. Producers would then be assured of regular reasonable high prices to keep them in production.

5. It is suggested that the Government should incorporate the Agricultural Investment Corporation as a limited liability company to be able to operate under commercial atmosphere. It should be pointed out however that even private companies that are engaged in commercial agriculture will now find it extremely difficult to cope with the incidence of Udoji Salary awards and this might lead to closing down of several commercial plantations. The Government should study the problems of commercial agriculture with a view to finding suitable solutions to the special problems arising from the Public Service Salary Review Exercise.

COMPARATIVE SALES FIGURES (ONE YEAR)

W.N.D.C. (1972/73) AND W.S.A.I.C. (1973/74)

P R O D U C T S	W. N. D. C.		W. S. A. I. C.		Percentage increase (+) or Decrease (-)	
	1ST OCT. 1972 - Qty Sold	30TH SEPT. 1973 Rev. from Sales ₹	1ST OCT. 1973 - Qty Sold	30TH SEPTEMBER 1974 Rev. from Sales ₹	QTY.	REV.
(1) Rubber (Tons)	2016	694,655.85	3,278.03	1,516,236.68	62.60%	118.27%
(2) Cocoa (Tons)	314.00	106,561.14	493.142	215,429.89	57.05%	102.16%
△a (3) Palm Oil (Tons)	2522.189	473,702.59	2,449.37 *	670,838.91	- 2.88%	+ 41.61%
(4) Palm Kernel (Tons)	263.04	23,953.93	449.241	54,915.54	70.79%	129.25%
(5) Cattle(Heads)	542	50,822.89	1,243	134,555.74	129.34%	164.75%
△b (6) Coffee (Tons)	34.5	17,395	2.18 *	1,308	- 93.68%	- 92.48%
(7) Citrus Fruits (Tons)	661.62	8,417.74	1,268.67	32,493.3	91.75%	286.01%
(8) Pine-apple (Tons)	53.57	849.34	56.082	1,473.76	4.69%	73.52%
(9) Banana (Bunches)	9132	374.13	7,550 *	731.77	- 17.32%	+ 95.59%
(10) Ra- Cashew Nuts	208.96	16,716.78	268.264	20,846.57	28.38%	24.70%
T o t a l		1,393,449.39		2,648,830.16		+ 90.09%

△a Palm Oil:- The shortfall in quantity sold during W.S.A.I.C. tenure as compared with that of W.N.D.C. was due to low production of oil attributable to poor yield and ageing mills. This was however, more than compensated for by very high prices achieved.

△b Coffee:- There was virtually no production due to exceptionally severe and prolonged drought which prevented flowering and fruiting.

△c Banana:- Bananas were planted solely to shade young cocoa trees. They are therefore eradicated progressively as the trees attain full maturity - hence the reduction in quantity available for sale.

WESTERN STATE AGRICULTURAL INVESTMENT CORPORATION
LAFIA CANNING FACTORY
PRODUCTION COMPARISON

Production Line	From Sept. 1972 to March, 1973			From Sept. 1973 to March, 1974			From Sept. 1974 to March, 1975			REMARKS	
	Cartons	Rate	Amount	Cartons	Rate	Amount	Cartons	Rate	Amount		
Pineapple Slices	30xA1	17	56/6	48. -- 6	295	6.00	1770.00	15	7.50	112.50	Production stopped due to blown cans
"	24xA2	2009	56/6	5675. 8. 6	129	6.00	762.00	895	7.50	6712.50	
"	24xA2 1/2	173	68/-	588. 4. -	47	7.20	338.40	11	8.40	92.40	
"	6xA10	16	68/-	54.16. -							
" Pieces	30xA1	30	54/6	81.15. -	594	5.70	3385.80	10	7.30	73.00	Production stopped due to blown cans
"	24xA2	1417	54/6	3861. 6. 6	62	5.52	342.24	1439	7.30	10504.70	
"	24xA2 1/2	11	65/-	35.15. -	30	6.72	201.60	25	7.30	182.50	
" Crush	24xA2	396	52/6	1039.10. -	48	6.52	264.96	4	7.20	28.80	
"	24xA2 1/2	44	58/6	125.14. -	8	6.00	48.00	10	8.00	80.00	
" Juice	30xA1		52/6		681	5.70	3881.20	44	6.90	303.60	Production stopped due to blown cans
"	24xA2	1454	52/6	3015.15. -	29	5.52	160.08	1470	6.90	10143.00	
"	24xA2 1/2	511	64/6	1647. 9. 6							Not economical hence no production
"	6xA10	272	64/-	836. 8. -	73	6.48	473.04	880	7.95	6996.00	
Grapefruit Segments	24xA2		44/6								Not in great demand hence no production - ditto -
"	6xA10		57/-								
" Juice Unswtd	30xA1	327	50/6	325.13. 6	945	5.70	5386.50	2841	7.30	20739.30	Production in progress
"	24xA2	1697	50/6	4057.13. 6	1488	5.52	8213.76	2612	7.30	19067.60	
"	24xA2 1/2	212	57/6	609.10. -	1938	5.76	11162.88	535	7.90	4226.50	Not in great demand old stock still available hence no production
"	6xA10	852	57/6	2449.10. -	3416	5.76	19676.16	2963	7.95	23555.85	
" Sweetened	30xA1	170	57/6	480.15. -							
"	24xA2	2006	57/6	5767. 5. -							
"	24xA2 1/2	99	64/-	316.16. -							
"	6xA10	2218	65/-	7208.10. -							
Orange juice	30xA1	167	54/-	423.18. -	1046	6.00	6276.00	9540	7.50	71550.00	Old stock still available
"	24xA2	5638	54/-	15222.12. -							
"	24xA2 1/2	4014	64/6	12945. 3. -	876	6.72	5886.72	1443	8.40	11869.20	
"	6xA10	4803	64/-	15369.12. -	5531	6.60	36504.60	8900	9.00	80100.00	
Lemon juice	30xA1		40/6								Not yet in lemon juice season
"	24xA2	174	40/6	352. 7. -							
Red Palm Oil	24xA2	63	38/6	121. 5. -		4.80		286	7.20	2059.20	
Guava juice	30xA1	27	52/6	70.17. 6	76	5.70	433.20	1507	6.90	10398.30	
TOTAL		28727		167068.39	17312		105167.14	35400		278794.95	
Peeled Tomato	30xA 1/2							210	8.25	1724.25	New line just Introduced
"	30xA1		52/6					518	11.00	5698.00	
"	24xA2 1/2							8			
Tomato Puree	30xA 1/2							11	7.90	86.90	
"	30xA1							49	10.50	514.50	
" Juice	30xA1		48/6					4	10.00	40.00	
"	6xA10							5			
" Puree	24xA2 1/2							23 tins			
Peeled Tomato Broken	30xA1							12 "			
GRAND TOTAL		28727		167068.39	17312		105167.14	36240		286858. 5	

* **NOTES** (i) Total % increase in achievement during the tenure of office of Western State Agric. Inv. Corporation over that of L.A.D.C. = 26.15%
(ii) Total % increase under existing Management as compared with that of previous Management = 109.33%

PRODUCTION	REVENUE
26.15%	71.70%
109.33%	172.8%

WESTERN STATE AGRICULTURAL INVESTMENT CORPORATION

TRAINING COURSES: 1st October, 1973 to date

No.	Staff Calibre	No. Trained	Title of Course	Institute
1.	Senior Staff	4	(a) Certificate Course in Management Studies	University of Ife
		1	(b) Operations Management Course	N. I. M., Lagos
2.	Intermediate Staff	2	(a) Diploma in Public Financial Management	University of Ife
		2	(b) Protective Security	Civil Service Training School, Ibadan
3.	Junior Staff	2	(a) Project Management Course	N.I.M., Lagos
		2	(b) Maintenance Management Course	N. I. M., Port-Harcourt
		1	(c) Efficiency Course for Confidential Secretaries	Civil Service Training School, Ibadan
		1	(d) Basic Course for Clerical Officers (Library)	Civil Service Training School, Ibadan
		4	(e) Preliminary Statistical Assistant Training Course	Federal Office of Statistics Training School, Ibadan
		1	(f) English Course for Typists and Clerical Assistants	Civil Service Training School, Ibadan
		2	(g) Efficiency Course for Messengers	Civil Service Training School, Ibadan.
		2	(h) Proficiency Certificate Course (1974)	NIFOR near Benin
		3	(i) Assistant Agricultural Superintendent Course (1973)	University of Ife (School of Agriculture, Ibadan)
		3	(j) Registry Procedure	Civil Service Training School, Ibadan
		4	(k) Training in Oil Palm Work	NIFOR, Benin
2	(l) Proficiency Certificate Course (1975)	NIFOR, Benin		
2	(m) Telex Machine Operator	P.& T. Headquarters Ibadan.		

AG.22/1/153.

14th January,

75.


The Secretary to the Military Government
and Head of Service,
Office of the Military Governor,
Secretariat,
Ibadan.

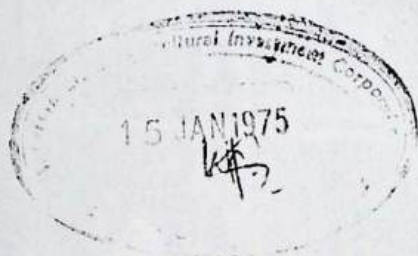
See P. 663

Premier Tobacco Company, Oyo.

Further to my letter No. A/C.22/1/32 of 26th August, 1974 and subsequent correspondence dated 8th October, 1974, the Firm of Messrs. Z. O. Ososanya & Co. was commissioned to make a detailed appraisal of the present financial position of the Premier Tobacco Co. and its future prospects. This Firm has submitted its report and recommendations which had been considered by the Board of this Corporation at its meeting held on the 17th of December, 1974.

2. I forward herewith, an Executive Council Memorandum summarising the reports and recommendations for your consideration. Also attached, is a copy of the Report. Additional copies would be forwarded to you as soon as they are available.


(M. I. Owosye)
General Manager.



DECEMBER, 1974.

COPY NO.

EXECUTIVE COUNCIL: WESTERN STATE OF NIGERIA.

Reorganisation of the Premier Tobacco Company.

The Premier Tobacco Company was incorporated under the Company's Act Chapter 37 of the Revised Laws of the Federation of Nigeria as a private limited liability company on the 14th of March, 1962 with an authorised capital of ₦112,000.00 divided into 56,000 shares of ₦2.00 each. The main objects of the company among others were:

- (i) to plant, cultivate and promote the growth of tobacco;
- (ii) to manufacture all types and description of tobacco, cigarettes, snuffs and cigars in three phases namely:-
 - 1st Phase - to experiment in various types of tobacco and to plant same; to process into black fat; to erect facilities to process black fat;
 - 2nd Phase - to build redrying plant and storage for redrying and storing cigarettes and other types of tobacco;
 - 3rd Phase - to build cigarette factory and to market such cigarettes and any such products.

The authorised share capital was to be subscribed as follows:-

1st Phase	₦100,000.00	Equity Shares.
2nd "	₦2,000.00	" "
3rd "	₦10,000.00	" "

As at the 31st October, 1974, the company had not moved beyond the 1st Phase.

2. The Issued and paid-up capital as at 31st October, 1974 and the respective shareholdings as at that date were as follows :-

(a) Western State Agricultural Investment Corporation	₦53,200.00
(b) Chief T. A. Odutola	28,300.00
(c) Falls City Tobacco Incorporated.	28,000.00
(d) Sir Mobolaji Bank-Anthony	2,500.00
Total =	<u>₦112,000.00</u>

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In addition to the share capital above, members were to contribute a "Loan Capital" as follows :-

	WNDC(WSAIC.)	Chief Odutola	Falls City Tobacco.	Total.
Phase 1	₦00	₦00	₦00	₦00
Phase 2	₦141,550	₦81,950	₦74,500	₦298,000
Phase 3	422,750	244,750	222,500	890,000
	₦564,300	₦326,700	₦297,000	₦1,188,000

3. The Technical partners in this company, the Falls City Tobacco Incorporated of Louisville Kentucky U.S.A. were responsible for providing technical officers required by the Premier Tobacco Company. Unfortunately, all the officers that had been sent out had very limited knowledge, if any, of the manufacture of black fat. Most of them were mere planters. The Premier Tobacco Company at best had all along been used by this expatriate Managers to procure raw materials - tobacco leaves - for export to the United States. Between 1962 and 1969 the company was run by the Western Nigeria Development Corporation. In 1969, following the intervention of His Excellency the Military Governor of the Western State, the Premier Tobacco Company was reactivated by an authorised loan of ₦100,000.00 granted by the WNDC(WSAIC). Following this reactivation, the confidence of farmers growing tobacco for the Premier Tobacco Company was regained and during this period a loan of ₦207,000.00 was obtained from the Standard Bank Nigeria Ltd. Two Managers were sent down, in succession, by the technical partners, all of whom proved to be unsuitable for the job for which they were employed both from the point of technical know-how and financial management. In 1972 a third Manager in person of Mr. Bart Simons was sent down. He, after an initial groping, however succeeded in producing black fat of acceptable quality. By this time, the finances of the Corporation had run very low and it became difficult to carry on the day to day operation of the company. As at date very little activity goes on in the Factory. At the instance of the Board of Directors of the Premier Tobacco Company, the firm of Z.O. Ososenya and Co. were commissioned to study the operation of the Premier Tobacco Company, prepare a valuation report, examine the management staff and advise on necessary reorganisation and recruitment of suitable staff. The causes of failure of the Premier Tobacco Company to achieve its objects

- (a) Poor Financial Management
- (b) Very low scale of operation.
- (c) Lack of an effective marketing and sales force.
- (d) Lack of black fat expertise at the initial period when money was still available.
- (e) Lack of proper records of production costs.
- (f) Pilferage
- (g) Heavy or considerable overhead expenditure continuously for five years.
- (h) Misappropriation of Company's fund made possible largely by not keeping full record of cash sales.

V A L U A T I O N.

The valuation report attached as Annexure I is based on assets and liabilities of the Premier Tobacco Company as shown in the accounts records as at 31st October, 1974. The assets which totalled ₦165,641.30 was revalued as ₦228,716.44. The liabilities which according to the books of the company as at 31st October, 1974 totalled ₦618,140.01 was valued as ₦634,640.01. See below :-

	As per Co's Bks. 31/10/74.	As Valued	Increase in Reduction.
Assets	₦165,641.30	₦228,716.44	₦63,975.14
Liabilities	618,140.01	634,640.01	16,500.00
Net Deficiency	452,498.71	405,923.57	46,575.14
Share Capital	112,000.00	112,000.00	00.00
	₦564,498.71	₦517,923.57	₦46,575.14

Based on the deficiency of capital in the amount of ₦517,924.00 each share of ₦2.00 as at date has a negative value of approximately ₦9.25 (₦9.25).

4. Having identified the weaknesses that led to the collapse of the Premier Tobacco Company, in order to rectify the faults, the followings were being recommended :-

- (a) that the authorised share capital of the Company be increased by ₦600,000.00 to ₦712,000.00. The additional share capital to be subscribed for in the proportions below :-

Western State Agric. Invest. Corporation	85%	₦510,000.00
Chief Odotola	15%	90,000.00
Total	100%	₦600,000.00

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(b) that the capital structure of the Company must be such that too much reliance on loans is avoided and a loan of N207,000.00 given by the Standard Bank Nigeria Ltd. be paid.

(c) that the following officers be appointed :-

- (i) A Leaf Manager.
- (ii) A Black Fat Production Manager.
- (iii) A Maintenance Engineer.
- (iv) A Marketing Officer
- (v) An Accountant.
- (vi) A General Manager.

The salary structure is attached as Annexure II.

(d) that the Technical Partnership agreement with Falls City Tobacco Incorporated of Louisville Kentucky U.S.A. be abrogated because it had produced no benefit whatsoever to the Company.

(e) That in order to retain the Company's Farmers' confidence and redeem some of the Company's claim from the farmers for fertiliser already supplied, an adequate sum be provided to purchase the 1974 crop for which the company was already committed.

(f) that staff be laid off while the reactivating of the company is considered in order to prevent further accumulation of overhead costs while the company remains dormant. A sum of N9,000.00 will be required for this raising total requirement to N609,000.00.

5. Members are invited to consider the above recommendations and approve in order to resuscitate the Premier Tobacco Company.

Western State Agricultural Investment Corporation.

Ibadan.

Western State of Nigeria
December, 1974

(File No.).

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