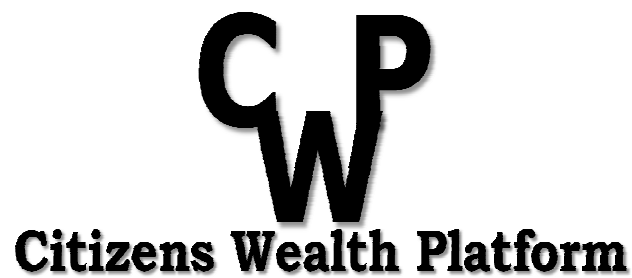


**POLICY BRIEF: COST OF GOVERNANCE SERIES (1)**

# **National Assembly and the Cost of Governance**



## **National Assembly and the Cost of Governance**



First Published in October 2015

**By**

**Citizens Wealth Platform (CWP)**

(A Platform of non-governmental and faith based organisations, professional associations and other citizens groups dedicated to ensuring that public resources are made to work and be of benefit to all)

C/o Centre for Social Justice, 17 Yaounde Street, Wuse Zone 6, Abuja  
Tel: 08055070909; Website: [citizenswealthplatform.org](http://citizenswealthplatform.org); Email: [censoj@gmail.com](mailto:censoj@gmail.com)

**Written by**

**Eze Onyekpere Esq**

**(With research assistance from Donald Ikenna Ofoegbu)**

## **GROUPS THAT CONTRIBUTED TO THE REVIEW OF THE POLICY BRIEF**

1. Action Aid Nigeria (AAN)
2. Africa Network for Environment and Economic Justice (ANEEJ), Nigeria
3. African Centre for Leadership, Strategy & Development
4. BudgIT Nigeria
5. Centre For Democracy And Development (CDD)
6. Centre for Human Rights and Conflict Resolution, Kogi
7. Centre for the Study of the Economies of Africa (CSEA)
8. Civil Advancement for Research and Rural Empowerment Initiative, Abuja
9. Civil Society Legislative Advocacy Centre (CISLAC), Nigeria
10. Community Centre for Development, Sokoto
11. Community Life Project/Reclaim Naija
12. Foundation For Environmental Rights, Advocacy & Development ( FENRAD), Abia
13. Good Governance Team, Nigeria
14. Grass Root Health Concern Association, Borno
15. Human Development Initiative Nigeria (HDINigeria)
16. Institute of Chartered Accountants of Nigeria (ICAN), Abuja Chapter
17. International Centre for Development and Budget (ICDBudget)
18. International Peace and Civic Responsibility Centre, Anambra
19. Justice Development and Peace Commission (JDPC), Ijebu Ode
20. LEADS Nigeria
21. Lexville Foundation, Abuja
22. Majesty Community Rural Development Foundation, Abuja
23. Media Right Agenda (MRA)
24. National Association of Nigerian Traders (NANTS), Abuja
25. Neighbourhood Initiative for Women Advancement (NIWA), Ebonyi
26. New Initiative for Social Development (NISD), Ekiti
27. New Nigeria Youth Organisation, Owerri
28. Nigeria Bar Association- Abuja Chapter
29. Niger Delta Budget Monitoring Group (NDEBUMOG)
30. Nigeria Economic Society (NES)
31. Nigeria Labour Congress (NLC)
32. Nigeria Women Agro Allied Farmers Association (NIWAAFA), Abuja
33. OTA Development Consultant
34. Peoples Empowerment Forum (PEF), Lagos
35. Public and Private Development Centre (PPDC)
36. Responsible Citizens and Human Development Initiative, Gombe
37. Save Nigeria Group (SNG)
38. Trade Union Congress, Abuja Chapter
39. Ummah Support Initiative (USI), Abuja
40. Ven J.O Unuayan JP, Chaplain National Assembly/CONAC
41. Westphelia Initiative, Kano

42. Youth for Peace and Development, Bauchi

43. Youth Initiative for Advocacy, Growth & Advancement (YIAGA) Abuja

## TABLE OF CONTENTS

1. Abbreviation .....	9
2. Executive Summary .....	10
3. Introduction .....	13
4. Goal And Objectives .....	14
5. The Legal Foundation And 2007 RMAFC Review .....	14
6. The Retroactivity Of Act No.1 Of 2008 .....	15
7. Budgetary Allocations To NASS: Year 2000 To 2015 .....	16
8. NASS Allocations And Other Statutory Transfers .....	17
9. Remuneration And Allowances Of Members Of NASS .....	18
10. NASS Allocations And Transparency .....	23
11. Review Of Previous NASS Appropriation .....	24
12. Current Macroeconomic Fundamentals And The RMAFC	
2007 Review Criteria .....	27
12.1 Current Price Of Crude Oil And Capital Budget Implementation .....	27
12.2 Economic Growth .....	27
12.3 RMAFC's Consultation Of Stakeholders .....	30
12.4 NASS Budgets And External Reserves .....	30
12.5 Personnel Votes Versus Overall Government Expenditure	
And Retained Revenue .....	32
12.6 Unemployment And Underemployment Statistics .....	33
12.7 The Size Of The Legislature .....	34
13. Committees In NASS .....	36
14. Appropriations To The Legislature: Comparative Analysis .....	37
15. Conclusions .....	40
16. Recommendations .....	42

## LIST OF TABLES

- Table 1: NASS Allocation as a Percentage of Total FGN Budget
- Table 2: NASS Allocations vs Allocations to Judiciary as Percentages of Total FGN Budget
- Table 3: Senate in Year 1
- Table 4: Senate in Year 2
- Table 5: Senate in Year 3
- Table 6: Senate in Year 4
- Table 7: House of Representatives in Year 1
- Table 8: House of Representatives in Year 2
- Table 9: House of Representatives in Year 3
- Table 10: House of Representatives in Year 4
- Table 11: Total Figures for NASS for Four Years
- Table 12: Expenditure Items in the Overhead Costs of Senate
- Table 13: Disaggregation of NASS Allocations, 2009 and 2010
- Table 14: Changes in NASS Allocation & External Reserves 2000-2015
- Table 15: Actual Personnel Costs and Actual FGN Expenditure
- Table 16: Actual Personnel Cost as a Percentage of Retained Revenue 2008-2014, Q2
- Table 17: Legislatures as a Percentage of Country Population in Select Countries
- Table 18: Legislatures from Select Countries and their Committees
- Table 19: Allocation to NASS and Ghanaian Parliament as Percentages of Overall Budget Expenditures: 2010 - 2015
- Table 20: Macroeconomic Fundamentals of Nigeria and Ghana
- Table 21: Allocations to NASS and SA Parliament as Percentage of Overall National Budgets: 2010 - 2015
- Table 22: Macroeconomic Fundamentals of Nigeria and South Africa
- Table 23: (A) Nigeria and South Africa: Actual Allocations in USD
- Table 23: (B) Nigeria and Ghana: Actual Allocations in USD

## LIST OF FIGURES

Figure 1: Crude Oil Output (MBPD)

Figure 2: Crude Oil and Non-Oil Growth

Figure 3: Real GDP Growth (Y-On-Y) {2013 – 2015 Quarterly figures}

Figure 4: NASS Allocations and External Reserves

Figure 5: Unemployment Rate Trend (2010-Q1, 2015)

Figure 6: Unemployment and Under-employment (2010-Q1,2015)

Figure 7: Legislators as a Percentage of the Population



## ABBREVIATIONS

FGN	Federal Government of Nigeria
GDP	Gross Domestic Product
MTEF	Medium Term Expenditure Framework
NABRO	National Assembly Budget and Research Office
NASS	National Assembly
NBS	National Bureau of Statistics
NILS	National Institute for Legislative Studies
NJC	National Judicial Council
RMAFC	Revenue Mobilisation Allocation and Fiscal Commission

## **EXECUTIVE SUMMARY**

The Policy Brief is focused on the reduction of the cost of governance, specifically on the cost of running the National Assembly (NASS). It analysed the considerations used by RMAFC in the 2007 review which led to an increase in the allowances and remuneration of NASS members. This includes (a) changes in the basic fundamentals of the Nigerian economy; (b) External reserves; (c) GDP Growth rate; (d) rate of inflation; (e) correct placement of some category of public office holders who were wrongly placed in the old package; (f) need to modify old salaries and allowances and introduce new allowances that were not included in the old package; (g) need for a living wage to ensure honesty and dignity of the office holders and (h) need to ensure compliance with the provisions of sections 84 (3) and 124 (3) of the 1999 Constitution which states that the remuneration and salaries payable to the office holders and their conditions of service, other than allowances, shall not be altered to their disadvantage after their appointment.

A new law emanated from the review; the Certain Political, Public and Judicial Office Holders (Salaries and Allowances, etc) (Amendment) Act No. 1 of 2008. But it was made to have retroactive effect commencing in February 2007. However, the consultations preceding the law did not involve stakeholders other than the beneficiaries of the proposed increase of remuneration and allowances. The Policy Brief reviewed the allocations to NASS and another statutory transfer recipient - the NJC. The review shows that while the allocations to NASS averaged 2.98% of the overall budget over the years 2000-2015; the allocations to NJC averaged 1.91% of the overall FGN budget. Key findings indicate that the basic salary of NASS members is reasonable but the allowances appear to be on the high side. The bulk of expenditure in the legislature goes to overheads with personnel and capital taking up less than 17% of overall expenditure. However, some of the overhead expenses appear over-bloated, frivolous and repetitive. The budget of NASS is no longer disaggregated and published but stated as a lump sum. There is no legal justification for this practice.

A review of extant macroeconomic indicators including economic growth rate and price of crude oil show that the figures and data are heading south. Budget implementation,

especially the capital component has averaged less than 23% of overall budget per annum due to a number of factors including paucity of funds. Fewer new jobs have been created in the economy while the external reserves are down. All these indicate the need to reduce personnel votes and the cost of running NASS and other agencies of government. The number of committees in NASS when compared with committees in other Legislatures is excessive. Also, while appropriations to the Legislature in Ghana and South Africa over the years 2010 to 2015 stood at 0.46% and 0.14% of their overall budgets respectively; that of Nigeria stood at 3.15% of the overall budget. When the appropriations are divided per capita by the number of legislators, the figures stood at \$1.57m; \$0.21m and \$0.14m per Nigerian, South African and Ghanaian legislator respectively.

On the basis of the foregoing, the Policy Brief made the following recommendations.

- a. RMAFC and other arms of government should review and amend the Certain Political, Public and Judicial Office Holders (Salaries and Allowances, etc) (Amendment) Act No. 1 of 2008 so as to reduce the allowances of public office holders.
- b. Consultations for the review should include stakeholders such as organised private sector, organised labour, civil society, relevant MDAS of government dealing with projections and analysis of macroeconomic data.
- b. The basic salary of members of the Legislature is reasonable and should not be reduced but the allowances and perks of office should be reduced by a minimum of 40%.
- d. The considerations for the above review should be tied to current economic realities and macroeconomic fundamentals.
- e. The review of the salaries and emoluments of NASS and other public office holders should be done at more frequent intervals. A review every four years is recommended.
- f. Provisions for overhead expenses in NASS should be regulated by law or policy and pegged at not more than 250% of the combined personnel and capital votes. This recommendation takes cognisance of the budgeted sums for personnel and capital expenditure as percentages of the overall NASS budget in the years 2009 and 2010. In the alternative, the appropriation for NASS should not exceed 2% of Retained FGN Revenue.

- g.** In regulating overheads, a proper budget development template specific to the needs of the Legislature should be developed. The template must have sufficient clarity to check duplications, frivolous and wasteful budget items. This should be preceded by a public expenditure management review of the systems of NASS.
- h.** All statutory transfers including the allocation to NASS should be published in detailed line item format as is the practice with the allocations of other MDAs.
- i.** The Senate and House of Representatives should consider reducing their committees to tally with international best practices from the current 147 to 50 committees.
- j.** New laws reviewing the allowances of NASS members and other political, public and judicial office holders should no longer be made to have retroactive effect.
- k.** Membership of the NASS should continue to be a full time job whilst the bicameral federal legislature should be retained.

## 1. INTRODUCTION

There is a preponderance of public opinion that compared with available financial resources; the cost of governance in Nigeria is high. This is contextualised within quantified opportunity costs, that alternative investment of a part of the resources deployed to governance would have contributed in no small measure to improvements in living conditions, human and infrastructural development. The implication is that a good part of the resources that should have been channeled to human capital development and infrastructure are rather frittered away on administrative capital and recurrent expenditure consisting of personnel and overhead expenses. This is the situation at the federal level and replicated in all states and local governments in the Federation.

The high cost of governance has been officially acknowledged and led to many official interventions including the Monetisation Programme, the setting up of the Committee on the Restructuring of Federal Government Ministries, Departments, Agencies and Parastatals (otherwise called the Oronsaye Committee) and many public expenditure management review panels. Non state actors including civil society organisations, the media, organised private sector and labour have also waded into the challenge and made several appeals for effective government decisions to bring down the cost of governance.

With recent developments in the economy, particularly the dwindling oil price, (considering that crude oil is the mainstay of the Nigerian economy), decreased inflow of foreign investments<sup>1</sup>, slowing economic growth<sup>2</sup> and fewer jobs<sup>3</sup> created in the last quarters, increasing public demand for reduction in the cost of governance, the inauguration of a new government on a popular mantra of change, and review efforts by Revenue Mobilisation Allocation and Fiscal Commission (RMAFC) and the National Assembly (NASS), etc; opportunities have emerged for evidence led advocacy and actions that will lead to the reduction of the cost of governance.

---

<sup>1</sup> See *Nigerian Capital Importation Report, Quarter 2, 2015* produced by the National Bureau of Statistics

<sup>2</sup> See *Issue 6, Nigerian Gross Domestic Product Report, Quarter 2 2015* produced by the National Bureau of Statistics.

<sup>3</sup> *Job Creation and Employment Generation Survey, Quarter 2 2015* by the National Bureau of Statistics.

This Policy Brief seeks to focus on an aspect of the cost of governance, specifically, the cost of running the legislature at the federal level. The focus on NASS is in consideration of the role of the institution as the legal and moral compass of democracy and the duties of legislature – general law making and appropriation, oversight responsibilities, representation, etc. It is also the duty of NASS to prescribe the remuneration of major public, political and judicial office holders based on the recommendations of RMAFC<sup>4</sup>. Once the legislature is able to reduce its costs, it would have a high moral and legitimate position to call the other arms of government to order.

## **2. GOAL AND OBJECTIVES**

The central goal of this Policy Brief is to use empirical evidence to contribute to efforts at reducing the cost of governance in the NASS. The objectives are to:

- Review the appropriations to NASS over the years and the factors informing these appropriations.
- Use macroeconomic indicators, legal and socio economic conditions in Nigeria to review the cost of running NASS.
- Make recommendations for reform.

## **3. THE LEGAL FOUNDATION AND 2007 RMAFC REVIEW**

Section 70 of the 1999 Constitution provides that a member of the Senate or House of Representatives shall receive such salary and other allowances as the RMAFC may determine. Thus, it is not for the legislature to fix its own remuneration. In the 2007 review of the provisions of the Certain Political, Public and Judicial Office Holders (Salaries and Allowances, etc) Act No. 6 of 2002, being the law regulating the remuneration and allowances of political, public and judicial office holders as at that date, RMAFC stated that it took the following into consideration<sup>5</sup>:

---

<sup>4</sup> S. 84 (1) to (4) of the Constitution of the Federal Republic of Nigeria 1999.

<sup>5</sup> Remuneration Package for Political, Public and Judicial Office Holders in Nigeria Vol. II: The Reviewed remuneration package for the Legislature at the Federal, State and Local Government levels: Pages viii-viii.

*“(a) Changes in the basic fundamentals of the Nigerian economy; (b) External reserves; (c) GDP Growth rate; (d) rate of inflation; (e) correct placement of some category of public office holders who were wrongly placed in the old package; (f) need to modify old salaries and allowances and introduce new allowances that were not included in the old package; (g) need for a living wage to ensure honesty and dignity of the office holders and (h) need to ensure compliance with the provisions of sections 84 (3) and 124 (3) of the 1999 Constitution which states that the remuneration and salaries payable to the office holders and their conditions of service, other than allowances, shall not be altered to their disadvantage after their appointment”*

These are interesting foundations and considerations for a remuneration review exercise and we shall revert to them later. But suffice to state that these considerations were only employed for the review of the remuneration of this category of public officials and were not the determinants of the minimum wage or other public wages in the Nigerian economy.

RMAFC defined stakeholders to be consulted for the review of legislators’ remuneration and had interactive sessions with them as follows: the National Assembly, the State Legislatures and Local Government Councils. This definition of stakeholders is unprecedented and was skewed from day one to produce one result - an increase in remuneration and allowances. How can beneficiaries of an increase be the only stakeholders to be consulted over whether to increase remuneration or not? When RMAFC sought to rely on macroeconomic fundamentals, why did it not consult appropriate agencies such as the Central Bank of Nigeria, Ministry of Finance and the National Bureau of Statistics? It could have also consulted the leadership of the organised private sector, labour and civil society.

#### **4. THE RETROACTIVITY OF ACT NO.1 OF 2008**

The review by RMAFC led to a new enactment being the Certain Political, Public and Judicial Office Holders (Salaries and Allowances, etc) (Amendment) Act No. 1 of 2008. The Act No.1 of 2008 was signed on 25<sup>th</sup> day of June 2008 by President Musa Yar’adua and had a commencement date of February 2007. Essentially, an Act of the NASS had

retroactive effect in a democracy. This goes against all known precepts of constitutionalism as a law takes effect from the date of its assent by the President or any other future date indicated in the body of the law<sup>6</sup>.

## 5. BUDGETARY ALLOCATIONS TO NASS: YEAR 2000 TO 2015

The cost of running NASS has been a topical issue in the campaign for the reduction of cost of governance. Table 1 shows the allocations to NASS as a percentage of overall federal budgets from 2000 to 2015.

**Table 1: NASS Allocation as a Percentage of Total FGN Budget**

Year	NASS Allocation	Total FG Budget Allocation	NASS Allocation as % of Total FG Budget (%)
2000	29,400,197,761.00	675,080,490,731.06	4.36
2001	15,500,000,000.00	894,214,805,186.00	1.73
2002	28,161,930,230.00	1,064,801,253,520.00	2.64
2003	28,290,056,582.00	1,679,318,043,375.00	1.68
2004	34,729,324,335.00	1,302,523,844,588.00	2.67
2005	55,432,457,557.81	1,799,938,243,138.00	3.08
2006	44,999,999,999.00	1,876,302,363,351.00	2.40
2007	60,000,000,000.00	2,266,394,423,477.00	2.65
2008	97,325,333,760	2,492,076,718,936.96	3.91
2009	106,642,333,759.81	3,101,858,996,077.92	3.44
2010	158,916,167,627.80	4,608,616,278,213.00	3.35
2011	150,000,000,000.00	4,484,736,648,992.00	3.34
2012	150,000,000,000.00	4,877,209,156,933.00	3.08
2013	150,000,000,000.00	4,987,220,425,601.00	3.01
2014	150,000,000,000.00	4,695,190,000,000.00	3.19
2015	120,000,000,000.00	4,493,363,957,158.00	2.67

*Source: Appropriation Acts, 2000-2015*

Over the years, the cost of running NASS has been increasing, although the NASS budget as a percentage of the overall FGN budget has been almost at the same level. However, the increase from N29.4bn in the year 2000 to N158.9bn in 2010 does not appear to be based on any empirical evidence in terms of its relationship with macroeconomic fundamentals such as inflation, the cost of living index; or increased functions for NASS. The plateau of N150bn from 2011 to 2014 is also not explained by any special circumstances. The marginal reduction to N120bn in 2015 may have been a reaction to falling oil prices. In accordance with the tradition of previous years, for 2015, the N120bn excludes other NASS related expenditure notably, N50bn for constituency

<sup>6</sup> See section 2 of the Interpretation Act, Cap. 123, Laws of the Federation of Nigeria, 2004.



projects and another N50bn backlog from the 2014 fiscal year and when all the sundries are included, the actual vote for NASS in 2015 is about N227bn<sup>7</sup>.

## 6. NASS ALLOCATIONS AND OTHER STATUTORY TRANSFERS

This part of the Policy Brief will compare the trend of allocations to NASS and another major arm of government - the Judiciary through the National Judicial Council (NJC).

**Table 2: NASS Allocations vs. Allocations to Judiciary as Percentages of Total FGN Budget**

Year	NASS Allocation	FG Budget Allocation to Judiciary	Total FG Budget Allocation	NASS Allocation as Percentage of Total FG Budget (%)	Allocation to NJC as a Percentage to Total FG Budget (%)
2000	29,400,197,761.00	4,789,913,488.00	675,080,490,731.06	4.36	0.71
2001	15,500,000,000.00	15,000,000,000.00	894,214,805,186.00	1.73	1.68
2002	28,161,930,230.00	28,000,000,000.00	1,064,801,253,520.00	2.64	2.63
2003	28,290,056,582.00	25,495,596,523.00	1,679,318,043,375.00	1.68	1.52
2004	34,729,324,335.00	30,000,000,000.00	1,302,523,844,588.00	2.67	2.30
2005	55,432,457,557.81	33,000,000,000.00	1,799,938,243,138.00	3.08	1.83
2006	44,999,999,999.00	35,000,000,000.00	1,876,302,363,351.00	2.40	1.87
2007	60,000,000,000.00	43,000,000,000.00	2,266,394,423,477.00	2.65	1.89
2008	97,325,333,760	78,000,000,000.00	2,492,076,718,936.96	3.91	3.13
2009	106,642,333,759.81	78,000,000,000.00	3,101,858,996,077.92	3.44	2.51
2010	158,916,167,627.80	91,000,000,000.00	4,608,616,278,213.00	3.59	2.05
2011	150,000,000,000.00	95,000,000,000.00	4,484,736,648,992.00	3.34	2.12
2012	150,000,000,000.00	75,000,000,000.00	4,877,209,156,933.00	3.08	1.54
2013	150,000,000,000.00	67,000,000,000.00	4,987,220,425,601.00	3.01	1.34
2014	150,000,000,000.00	73,000,000,000.00	4,695,190,000,000.00	3.19	1.55
2015	120,000,000,000.00	73,000,000,000.00	4,493,363,957,158.00	2.91	1.89
Average over the Years				2.98	1.91

*Source: Appropriation Acts 2000-2015*

Table 2 shows that while the allocations to NASS averaged 2.98% over the years, the allocations to NJC averaged 1.91% of the overall FGN budget. Essentially, the budget of NASS has always been higher than that of the NJC. From 2008, the budget of NASS continued an upward swing while the NJC stagnated except for the outlier years of 2010 and 2011 when the NJC received N91bn and N95bn respectively. Thereafter, the NJC

<sup>7</sup> Capital development of National Institute for Legislative Studies at N6bn and N1bn for NASS Clinic provided under Service Wide Votes.

allocation declined. There are no indicators or available literature to justify the stagnant and declining vote of the NJC and increase in the NASS vote.

## 7. REMUNERATION AND ALLOWANCES OF MEMBERS OF NASS

Based on the RMAFC review of 2007 as stated in the Act No. 1 of 2008, the remuneration of the members of the Senate and House of Representatives is computed as follows in Year 1 to Year 4 of their tenure. Tables 3 to 6 are for the Senate.

**Table 3: Senate in Year 1**

ALLOWANCES	Allowances (%)	No of Senators to Benefit from Allowance	Basic Annual per Senator	Annual Pay (Allowance & Salary)
ACCOMODATION	200	109	2,026,400.00	441,755,200.00
FURNITURE	300	109	2,026,400.00	662,632,800.00
MOTOR VEHICLE LOAN	400	109	2,026,400.00	883,510,400.00
VEHICLE MAINTENANCE	75	109	2,026,400.00	165,658,200.00
PERSONAL ASSISTANT	25	109	2,026,400.00	55,219,400.00
WARDROBE	25	109	2,026,400.00	55,219,400.00
DOMESTIC STAFF	75	109	2,026,400.00	165,658,200.00
ENTERTAINMENT	30	109	2,026,400.00	66,263,280.00
UTILITIES	30	109	2,026,400.00	66,263,280.00
RECESS	10	109	2,026,400.00	22,087,760.00
CONSTITUENCY	250	109	2,026,400.00	552,194,000.00
NEWSPAPER	15	109	2,026,400.00	33,131,640.00
<b>Total Allowance</b>				<b>3,169,593,560.00</b>
BASIC SALARY		109	2,026,400.00	220,877,600.00
<b>Total Annual Pay</b>				<b>3,390,471,160.00</b>

**Table 4: Senate in Year 2**

ALLOWANCES	Allowances (%)	No of Senators to Benefit from Allowance	Basic Annual per Senator	Annual Pay (Allowance & Salary)
ACCOMODATION	200	109	2,026,400.00	441,755,200.00
VEHICLE MAINTENANCE	75	109	2,026,400.00	165,658,200.00
PERSONAL ASSISTANT	25	109	2,026,400.00	55,219,400.00
WARDROBE	25	109	2,026,400.00	55,219,400.00
DOMESTIC STAFF	75	109	2,026,400.00	165,658,200.00

ENTERTAINMENT	30	109	2,026,400.00	66,263,280.00
UTILITIES	30	109	2,026,400.00	66,263,280.00
RECESS	10	109	2,026,400.00	22,087,760.00
CONSTITUENCY	250	109	2,026,400.00	552,194,000.00
NEWSPAPER	15	109	2,026,400.00	33,131,640.00
<b>Total Allowance</b>				<b>1,623,450,360.00</b>
BASIC SALARY		109	2,026,400.00	220,877,600.00
<b>Total Annual Pay</b>				<b>1,844,327,960.00</b>

**Table 5: Senate in Year 3**

ALLOWANCES	Allowances (%)	No of Senators to Benefit from Allowance	Basic Annual per Senator	Annual Pay (Allowance & Salary)
ACCOMODATION	200	109	2,026,400.00	441,755,200.00
VEHICLE MAINTENANCE	75	109	2,026,400.00	165,658,200.00
PERSONAL ASSISTANT	25	109	2,026,400.00	55,219,400.00
WARDROBE	25	109	2,026,400.00	55,219,400.00
DOMESTIC STAFF	75	109	2,026,400.00	165,658,200.00
ENTERTAINMENT	30	109	2,026,400.00	66,263,280.00
UTILITIES	30	109	2,026,400.00	66,263,280.00
RECESS	10	109	2,026,400.00	22,087,760.00
CONSTITUENCY	250	109	2,026,400.00	552,194,000.00
NEWSPAPER	15	109	2,026,400.00	33,131,640.00
<b>Total Allowance</b>				<b>1,623,450,360.00</b>
BASIC SALARY		109	2,026,400.00	220,877,600.00
<b>Total Annual Pay</b>				<b>1,844,327,960.00</b>

**Table 6: Senate in Year 4**

ALLOWANCES	Allowances (%)	No of Senators to Benefit from Allowance	Basic Annual per Senator	Annual Pay (Allowance & Salary)
ACCOMODATION	200	109	2,026,400.00	441,755,200.00
VEHICLE MAINTENANCE	75	109	2,026,400.00	165,658,200.00
PERSONAL ASSISTANT	25	109	2,026,400.00	55,219,400.00
WARDROBE	25	109	2,026,400.00	55,219,400.00
DOMESTIC STAFF	75	109	2,026,400.00	165,658,200.00
ENTERTAINMENT	30	109	2,026,400.00	66,263,280.00

UTILITIES	30	109	2,026,400.00	66,263,280.00
RECESS	10	109	2,026,400.00	22,087,760.00
CONSTITUENCY	250	109	2,026,400.00	552,194,000.00
NEWSPAPER	15	109	2,026,400.00	33,131,640.00
SEVERANCE	300	109	2,026,400.00	662,632,800.00
Total Allowance				<b>2,286,083,160.00</b>
BASIC SALARY		109	2,026,400.00	<b>220,877,600.00</b>
Total Annual Pay				<b>2,506,960,760.00</b>

Thus, the normal allowances of a Senator, excluding the once and for all furniture allowance, vehicle loan and severance gratuity is 735 percent of the basic salary every year.

In Tables 7 to 10, the details of the salary and allowances for the four year tenure of members of House of Representatives is shown.

**Table 7: House of Representatives in Year 1**

ALLOWANCES	Allowances (%)	No of Reps to Benefit from Allowance	Basic Annual per Rep	Annual Pay (Allowance & Salary)
ACCOMODATION	200	360	1,985,212.50	1,429,353,000.00
FURNITURE	300	360	1,985,212.50	2,144,029,500.00
MOTOR VEHICLE LOAN	400	360	1,985,212.50	2,858,706,000.00
VEHICLE MAINTENANCE	75	360	1,985,212.50	536,007,375.00
PERSONAL ASSISTANT	25	360	1,985,212.50	178,669,125.00
WARDROBE	25	360	1,985,212.50	178,669,125.00
DOMESTIC STAFF	75	360	1,985,212.50	536,007,375.00
ENTERTAINMENT	30	360	1,985,212.50	214,402,950.00
UTILITIES	30	360	1,985,212.50	214,402,950.00
RECESS	10	360	1,985,212.50	71,467,650.00
CONSTITUENCY	100	360	1,985,212.50	714,676,500.00
NEWSPAPER	15	360	1,985,212.50	107,201,475.00
Total Allowance				<b>9,183,593,025.00</b>
BASIC SALARY		360	1,985,212.50	<b>714,676,500.00</b>
Total Annual Pay				<b>9,898,269,525.00</b>

Thus, the normal allowances of a Representative excluding the once and for all furniture allowance, vehicle loan and severance gratuity is 585 percent of the basic salary every year.

**Table 8: House of Representatives in Year 2**

<b>ALLOWANCES</b>	<b>Allowances (%)</b>	<b>No of Reps to Benefit from Allowance</b>	<b>Basic Annual per Rep</b>	<b>Annual Pay (Allowance &amp; Salary)</b>
ACCOMODATION	200	360	1,985,212.50	1,429,353,000.00
VEHICLE MAINTENANCE	75	360	1,985,212.50	536,007,375.00
PERSONAL ASSISTANT	25	360	1,985,212.50	178,669,125.00
WARDROBE	25	360	1,985,212.50	178,669,125.00
DOMESTIC STAFF	75	360	1,985,212.50	536,007,375.00
ENTERTAINMENT	30	360	1,985,212.50	214,402,950.00
UTILITIES	30	360	1,985,212.50	214,402,950.00
RECESS	10	360	1,985,212.50	71,467,650.00
CONSTITUENCY	100	360	1,985,212.50	714,676,500.00
NEWSPAPER	15	360	1,985,212.50	107,201,475.00
<b>Total Allowance</b>				<b>4,180,857,525.00</b>
<b>BASIC SALARY</b>		360	1,985,212.50	<b>714,676,500.00</b>
<b>Total Annual Pay</b>				<b>4,895,534,025.00</b>

**Table 9: House of Representatives in Year 3**

<b>ALLOWANCES</b>	<b>Allowances (%)</b>	<b>No of Reps to Benefit from Allowance</b>	<b>Basic Annual per Rep</b>	<b>Annual Pay (Allowance &amp; Salary)</b>
ACCOMODATION	200	360	1,985,212.50	1,429,353,000.00
VEHICLE MAINTENANCE	75	360	1,985,212.50	536,007,375.00
PERSONAL ASSISTANT	25	360	1,985,212.50	178,669,125.00
WARDROBE	25	360	1,985,212.50	178,669,125.00
DOMESTIC STAFF	75	360	1,985,212.50	536,007,375.00
ENTERTAINMENT	30	360	1,985,212.50	214,402,950.00
UTILITIES	30	360	1,985,212.50	214,402,950.00
RECESS	10	360	1,985,212.50	71,467,650.00
CONSTITUENCY	100	360	1,985,212.50	714,676,500.00
NEWSPAPER	15	360	1,985,212.50	107,201,475.00
<b>Total Allowance</b>				<b>4,180,857,525.00</b>
<b>BASIC SALARY</b>		360	1,985,212.50	<b>714,676,500.00</b>
<b>Total Annual Pay</b>				<b>4,895,534,025.00</b>

**Table 10: House of Representatives in Year 4**

<b>ALLOWANCES</b>	<b>Allowances (%)</b>	<b>No of Reps to Benefit from Allowance</b>	<b>Basic Annual per Rep</b>	<b>Annual Pay (Allowance &amp; Salary)</b>
ACCOMODATION	200	360	1,985,212.50	1,429,353,000.00
VEHICLE MAINTENANCE	75	360	1,985,212.50	536,007,375.00
PERSONAL ASSISTANT	25	360	1,985,212.50	178,669,125.00
WARDROBE	25	360	1,985,212.50	178,669,125.00
DOMESTIC STAFF	75	360	1,985,212.50	536,007,375.00
ENTERTAINMENT	30	360	1,985,212.50	214,402,950.00
UTILITIES	30	360	1,985,212.50	214,402,950.00
RECESS	10	360	1,985,212.50	71,467,650.00
CONSTITUENCY	100	360	1,985,212.50	714,676,500.00
NEWSPAPER	15	360	1,985,212.50	107,201,475.00
SEVERANCE	300	360	1,985,212.50	2,144,029,500.00
<b>Total Allowance</b>				<b>6,324,887,025.00</b>
BASIC SALARY		360	1,985,212.50	<b>714,676,500.00</b>
<b>Total Annual Pay</b>				<b>7,039,563,525.00</b>

It is to be noted that the above Tables (3-10) exclude medical allowance which is to be provided as a service, special assistants on grade levels 12 and 14, 3 legislative aides, Duty Tour Allowance, estacode, responsibility allowance for principal officers and security. In Table 11, we project the cost of these excluded items at not more than 20% of the total remuneration of NASS members. It is also our projection that the salaries and allowances of officials of the National Institute for Legislative Studies, NABRO and the National Assembly Service Commission and the bureaucracy will not be more than 50% of the remuneration and allowances of NASS members. This gives us a new set of figures as shown in Table 11.

**Table 11: Total Figures for NASS for Four Years**

<b>Year</b>	<b>Senators</b>
YEAR 1	3,390,471,160.00
YEAR 2	1,844,327,960.00
YEAR 3	1,844,327,960.00
YEAR 4	2,506,960,760.00
<b>Sub Total</b>	<b>9,586,087,840.00</b>
	<b>House of Representatives</b>
YEAR 1	9,898,269,525.00

YEAR 2	4,895,534,025.00
YEAR 3	4,895,534,025.00
YEAR 4	7,039,563,525.00
<b>Sub Total</b>	<b>26,728,901,100.00</b>
<b>Total (Senators &amp; Members)</b>	<b>36,314,988,940.00</b>
20% of Total (Senators & Members) to cover medical allowance, special assistants, legislative aides, duty tour allowance, estacode, responsibility allowance for principal officers and security	7,262,997,788.00
50% of Total (Senators & Members) to cover salaries and allowances of officials of the National Institute for Legislative Studies, NABRO and National Assembly Service Commission	18,157,494,470.00
<b>Grand Total</b>	<b>61,735,481,198.00</b>

The difference between the above sum of N61.735bn (which is N15, 433,870,299.50) annually) and the overall budget of NASS in the coming four years will therefore be for overheads and capital expenditure.

## 8. NASS ALLOCATIONS AND TRANSPARENCY

Since the budget of NASS became a first line charge, the details are no longer available to the public as it is stated as a lump sum. Before the year 2011, the line by line details of NASS budgets, like other non statutory allocations were available to the public. Besides the NASS budget, other statutory transfers are also stated as lump sums<sup>8</sup>. But the legal foundation for the lump sum statement of statutory transfers is unknown. The practice seems to be based on precedence and this has led to limitations in informed interventions on appropriations that are part of statutory transfers. Besides the RMAFC approved remuneration of lawmakers which is public knowledge, other components of the NASS budget are unknown to the public. This raises a lot of suspicion. However, no one is permitted (including the legislature) in a constitutional democracy to spend money in a way and manner unknown to the populace. Section 48 (1) of the Fiscal Responsibility Act attests to this principle:

<sup>8</sup> The budgets of Independent National Electoral Commission, National Judicial Council, National Human Rights Commission, Public Complaints Commission, etc are also stated as lump sums.

*The Federal Government shall ensure that its fiscal and financial affairs are conducted in a transparent manner and according ensure full and timely disclosure and wide publication of all transactions and decisions involving public revenues and expenditures and their implications for its finances.*

It is therefore imperative that the line by line item details of the budget of NASS and other agencies of government on statutory transfers be published and made available to the public. Arguments in favour of increase or reduction in the budget of NASS are better anchored on strength of the specificity of allocations.

## 9. REVIEW OF PREVIOUS NASS APPROPRIATION

A brief overview of the 2010 Allocation of NASS, (2010 being the last year the NASS budget was published on a line item basis) shows that the Senate had allocation of N43.593bn comprising of total personnel cost of N1.976bn, overhead costs of N39.216bn (total goods and non-personal services) and capital votes of N2.4bn. Table 12 shows some of the expenditure heads under the overhead costs of the Senate for the year.

**Table 12: Expenditure Items in the Overhead Costs of Senate**

Item	Amount N	Comment
Travels and Transport	5,063,000,000	Evidently on the very high side considering the price of air tickets, approved Estacodes and Duty Tour Allowances
Committee Public Hearings	2,000,000,000	Reasonable and fair vote
Refreshment and meals	1,156,000,000	Refreshment and meals for whom? The vote for Public Hearings should take care of this.
Outstandings	3,700,000,000	A nebulous vote that is not amenable to understanding and monitoring except by the budget maker
Senate Chamber	1,000,000,000	A nebulous vote that is not amenable to understanding and monitoring except by the budget maker
Senate Programmed Activities	12,124,356,000	A nebulous vote that is not amenable to understanding and monitoring except by the budget maker
Contingency	2,289,733,617	Evidently on the high side
Office materials and supplies	1,586,000,000	The two provisions evidently deal with the same issues and the vote is incredibly on the high side.
Computer materials and supplies	1,176,000,000	

*Source: 2010 Amended Budget Act*



Clearly, with a personnel and capital vote of less than N4.4bn, a good part of the N39.126bn for non personnel goods and services cannot be justified in good conscience. The same pattern is followed in the House of Representatives with a total allocation of N69.44bn comprising of total personnel cost of N4.923bn; total goods and non personal services of N61.547bn and a capital vote of N2.973bn. Although a lot of legislative activities may fall under overheads, but the ratio of capital and personnel to overheads is too wide.

Table 13 which is the summary of the 2009 and 2010 budget of NASS tells the story of the percentages and allocations and where the bulk of the NASS votes go.

**Table 13: Disaggregation of NASS Allocations, 2009 and 2010**

Amount (N)	Amount (N)	% of NASS Budget
<b>2009</b>		
Personnel	13,698,571,687	12.85
Overheads	87,693,762,073	82.23
Total Recurrent	101,392,333,760	95.08
Capital	5,250,000,000	4.92
Allocation	106,642,333,760	100
<b>2010</b>		
Personnel	14,358,430,090	9.04
Overheads	136,159,768,112	85.68
Total Recurrent	150,518,198,201	94.72
Capital	8,397,969,426	5.28
Allocation	158,916,167,627	100

*Source: 2009 and 2010 Federal Budget*

The import of Table 13 is that the high cost of running the legislature stems mainly from the overhead costs, which appear bloated, averaging about 83.5% over the years 2009 and 2010. Since the remuneration and allowances of the legislature is still based on Act No.1 of 2008, the 2009 and 2010 financial year(s) trend will likely be the trend in all the years subsequent to 2010 when the legislative budgets were not published. Therefore, any effort to cut down the cost of governance ought to holistically focus on all aspects of the NASS budget with a special interest in the overheads.

In the 2010 budget of NASS, there are general votes of N500m for budget tracking software, hardware, implementation and monitoring; implementation and committee programmes, policy and fiscal MTEF evaluation and monitoring for N750m; budget coordination activities for N500m. There is a vote of N750m for fuelling generators. If the diesel is bought at N150 per litre, this would buy 5million litres of diesel. Engineering and maintenance of NASS buildings has a vote of N1.2bn. This is simply outrageous. How much does it cost to build new engineering installations if you need so much for maintenance? Essentially, a lot of the line items simply played on words that have no exact meaning to justify a financial vote or the votes were simply padded. It seems that not publishing the details of the legislative budget may have compound the existing scenario.

Beyond the Senate and the House of Representatives, there were votes in 2010 for the National Assembly Office (N11.489bn), National Assembly Service Commission (N1.463bn), National Assembly Legislative Aides (N7.388bn), Public Accounts Committees in Senate and the House (N127.5m and N138.125 respectively) and National Assembly General Services (N25.271bn). NASS members are entitled to 3 Legislative Aides placed on Civil Service Grade Levels 08, 09 and 10 respectively and the wages are stated by RMAFC to be paid through their principals. Their total personnel cost is N3.810bn. Whether the salaries and allowances of the Legislative Aides in NASS should amount to this sum is in doubt and needs to be clarified.

The overall impression created by these provisions is one of duplication of budget heads to get more funds out of the budget. What is the difference between the National Assembly Office, National Assembly Service Commission and National Assembly General Services? Can all these not be collapsed into one unit for budgeting purposes or the NASS Services Commission undertakes all the assignments?

## **10. CURRENT MACROECONOMIC FUNDAMENTALS AND THE RMAFC 2007 REVIEW CRITERIA**

This Policy Brief now returns to review the criteria used by RMAFC as justification for increasing the remuneration and allowances of legislators and other public office holders with a view to analyse their relevance and continued application to the extant political economy.

### **10.1 Current Price of Crude Oil and Capital Budget Implementation**

Crude oil funds about 70% of our national budget. In the past one year, the price of crude oil has declined from the epic heights of over \$120 per barrel. Nigeria has struggled to meet the budget benchmark price of \$53 per barrel as oil has sold below the benchmark price for weeks. Due to the decreased revenue accruing to the Federation Account, capital budget implementation in the 2015 federal budget has been poor. Nigeria is simply paying salaries and disbursing overheads without major investments in capital expenditure. This is a disturbing trend in an infrastructure deficient economy. This shows that there is need for savings and cutting down on recurrent costs to free up resources for capital investments. In previous years 2010-2014, actual capital expenditure as a percentage of overall spending has averaged less than 23%. A scenario, as in 2015 where NASS has a budget of N120bn whilst the Ministry of Works, which is a key infrastructure Ministry has a vote of N19.8bn for capital expenditure, is unacceptable.

### **10.2 Economic Growth**

Economic growth has been sluggish in the last couple of quarters. During Quarter 2 of 2015, the NBS stated as follows of the oil sector.

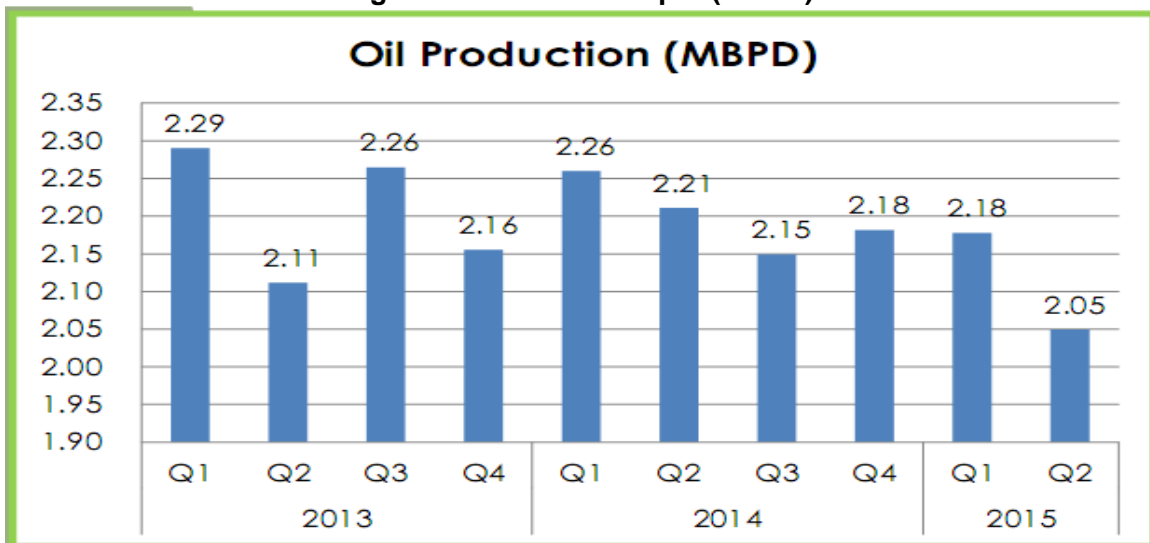
*Oil production stood at 2.05 million barrels per day (mbpd) 5.9% lower from production in Q1 of 2015. Oil production was also lower relative to the corresponding quarter in 2014 by 7.3% when output was recorded at 2.21mbpd.*

*As a result, real growth of the oil sector slowed by 6.79% (year-on-year) in Q2 of 2015. This represents a decline relative to growth recorded in Q2 of 2014 (5.14% ).*

Growth was however relatively better by 1.35% points relative to growth in Q1 of 2015. Quarter-on-Quarter, growth also slowed by 3.82%. As a share of the economy, the Oil sector represented 9.80% of total real GDP, down from the shares recorded in the corresponding period of 2014 and the share in Q1 of 2015 by 0.96% points and 0.65% points respectively.

Figure 1 below shows that despite the reduced price of crude oil, Nigeria's production has reduced compared to years 2013 and 2014.

**Figure 1: Crude Oil Output (MBPD)**

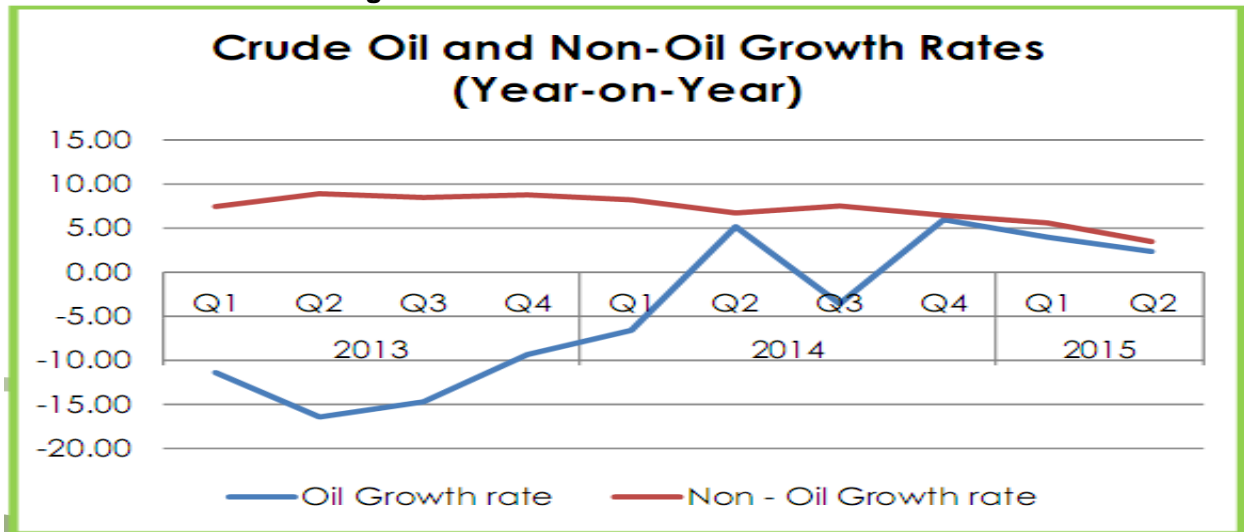


Source: NBS GDP Report Q2 2015

For the non oil sector, NBS states as follows:

Growth in the Non-oil sector was largely driven by the activities of Trade, Crop Production, Construction and Telecommunications. The non-oil sector grew by 3.46% in real terms in Q2 of 2015. This was 2.13% points lower from Q1 of 2015 and 3.26% points lower from the corresponding quarter in 2014 (Figure 3). In real terms, the Non-Oil sector contributed 90.20% to the nation's GDP, marginally higher from shares recorded in Q1 of 2015 (89.55%) and Q2 of 2014 (89.24%)

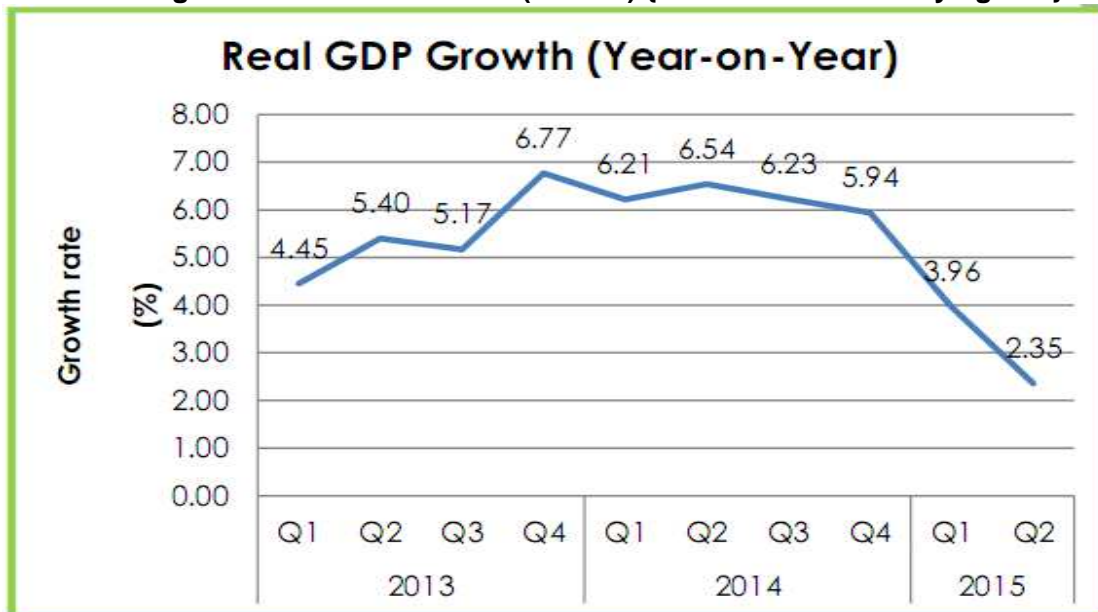
**Figure 2: Crude Oil and Non-Oil Growth**



Source: NBS GDP Report Q2 2015

The overall economic growth picture between 2013 and 2015 is as shown in Figure 3.

**Figure 3: Real GDP Growth (Y-On-Y) {2013 – 2015 Quarterly figures}**



Source: NBS GDP Report for 2015 Q2

From the foregoing, it is evident that economic growth has declined and continued use of the hitherto robust indicators as a basis for remunerating public office holders can no longer be justified.

### 10.3 RMAFC's Consultation of Stakeholders

In view of the need to deepen dialogue on the cost of governance, RMAFC needs to broaden the stakeholders for consultation before increasing or reducing the remuneration and allowances of NASS members. Consultations should be held across a broad spectrum of society from organised private sector, labour, civil society and agencies of government in charge of macroeconomic projections and the generation and management of such data. Merely consulting would be beneficiaries of an intended increase cannot amount to sufficient consultation.

### 10.4 NASS Budgets and External Reserves

External Reserves was one of the indicators used by RMAFC to justify the 2008 increase in remuneration of public office holders. At page 48 of the Review, it is stated that<sup>9</sup>:

*Again, when this is juxtaposed with the progressive augmentation of the country's external reserves, now above \$42bn, there is an overriding sense that the remuneration package is not out of tune with the prevailing trends in the economic indicators and realities of the Nigerian situation.*

Table 14 indicates changes in allocations to NASS and external reserves across the review period of 2000-2015.

**Table 14: Changes in NASS Allocation & External Reserves 2000-2015**

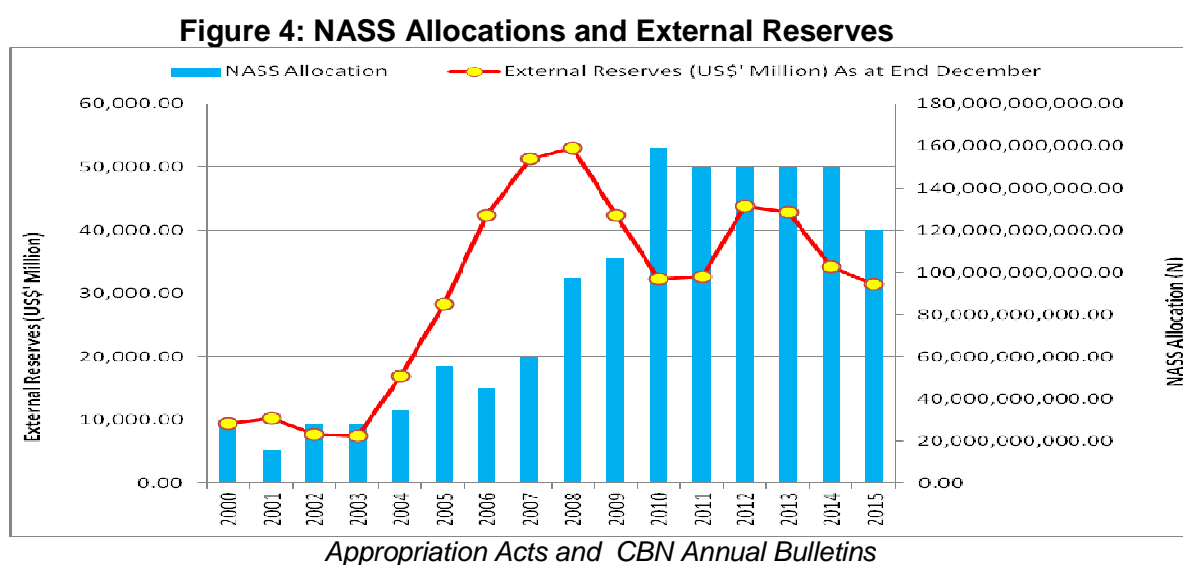
Year	NASS Allocation	Growth Rate of NASS Allocation (%)	External Reserves (US\$' Million) As at End December	Growth Rate of External Reserve (%)
2000	29,400,197,761.00	-	9,386.10	
2001	15,500,000,000.00	-47.28	10,267.10	9.39
2002	28,161,930,230.00	81.69	7,681.10	-25.19
2003	28,290,056,582.00	0.45	7,467.78	-2.78
2004	34,729,324,335.00	22.76	16,955.02	127.04
2005	55,432,457,557.81	59.61	28,279.06	66.79

<sup>9</sup> Remuneration Package for Political, Public and Judicial Office Holders in Nigeria Vol. II: The Reviewed remuneration package for the Legislature at the Federal, State and Local Government levels

2006	44,999,999,999.00	-18.82	42,298.11	49.57
2007	60,000,000,000.00	33.33	51,333.15	21.36
<b>Average</b>	<b>37,064,245,808.10</b>	<b>18.82</b>	<b>21,708.43</b>	<b>35.17</b>
2008	97,325,333,760	62.21	53,000.36	3.25
2009	106,642,333,759.81	9.57	42,382.49	-20.03
2010	158,916,167,627.00	49.02	32,339.25	-23.70
2011	150,000,000,000.00	-2.73	32,639.78	0.93
2012	150,000,000,000.00	-	43,830.42	34.29
2013	150,000,000,000.00	-	42,847.31	-2.24
2014	150,000,000,000.00	-	34,241.54	-20.08
2015	120,000,000,000.00	-20.00	31,430.00	-8.21
<b>Average Growth Rate 2008 – 2015</b>	<b>135,360,479,393.35</b>	<b>19.61</b>	<b>39,088.89</b>	<b>-4.48</b>

Source: Appropriated Budget and the Central Bank of Nigeria (Note: External Reserves in 2015 is as at July 2015)

In Table 14, from 2000 to the year 2007 which was the period before the RMAFC review, the external reserves grew by 35.17% indicating that using the External Reserves as an indicator, the remuneration of NASS members and other public office holders was in tandem with economic realities. However, from the year 2008 to 2015, the External Reserves declined by an average of -4.48% at a time when the allocation to NASS grew by 19.61%, which indicates that using the External Reserves as an indicator, the reviewed remuneration appears unsustainable. The trend in NASS allocations and the movement of External Reserves is more graphically explained in Figure 4.



## 10.5 Personnel Votes Versus Overall Government Expenditure and Retained Revenue

One of the indicators used in the 2007 Review to show the degree of affordability and sustainability of the reforms is the percentage of total personnel cost to total government expenditure. The threshold used was 40% and *“if the ratio of personnel cost to the total expenditure exceeds 40%, it might affect the capacity of the economy to embark on investment programmes, thus impairing growth and development of the economy”*<sup>10</sup>. Table 15 shows the ratio of personnel to overall expenditure from the effective date of the review till date.

**Table 15: Actual Personnel Costs and Actual FGN Expenditure**

Year	Actual Personnel Costs	Actual FGN Expenditure	Personnel Cost as a % of Total FG Budget Spending (%)
2008	942,525,600,000.00	2,806,744,500,000.00	33.58
2009	986,230,000,000.00	2,695,240,000,000.00	36.59
2010	1,563,980,000,000.00	4,046,980,000,000.00	38.65
2011	1,853,960,000,000.00	4,302,090,000,000.00	43.09
2012	1,810,660,000,000.00	4,131,240,000,000.00	43.83
2013	1,753,610,000,000.00	4,560,810,000,000.00	38.45
2014 (Half Year)	753,130,000,000.00	1,877,810,000,000.00	40.11
<b>Average</b>			<b>39.19</b>

Source: Budget Implementation Reports 2009 – 2014 (Q2)

Personnel cost is soaring and has remained above 40% in 3 out of the 8 years and in 2015, it will spike to new heights considering that due to paucity funds, capital budget implementation has been relegated. When personnel cost is pitched against the retained revenue, which is the actual revenue before provisions are made for the financing of the deficit, the emerging scenario rings an alarm bell.

**Table 16: Actual Personnel Cost as a Percentage of Retained Revenue 2008-2014, Q2**

Year	Actual Personnel Cost (N)	Actual FGN Retained Revenue (N)	Actual Personnel Cost as a Percentage of Actual FG Retained Revenue (%)
2008	942,525,600,000.00	2,226,663,600,000.00	42.32

<sup>10</sup> Last paragraph of page 44 (5.3) of the RMAFC Review.



2009	986,230,000,000.00	1,704,985,600,000.00	57.84
2010	1,563,980,000,000.00	2,958,720,000,000.00	52.86
2011	1,853,960,000,000.00	2,566,670,000,000.00	72.23
2012	1,810,660,000,000.00	3,131,090,000,000.00	57.82
2013	1,753,610,000,000.00	3,500,470,000,000.00	50.09
2014 (half year)	753,130,000,000.00	1,645,800,000,000.00	45.76
<b>Average</b>	<b>1,380,585,085,714.29</b>	<b>2,533,485,600,000.00</b>	<b>54.14</b>

Source: Budget Implementation Reports 2009 – 2014 Q2. BOF

Table 16 further makes a case for bringing down personel expenditure to manageable limits because it has exceeded the recommended threshold of 40%.

## 10.6 Unemployment and Underemployment Statistics

While the new defintion and process of calculating unemployment adopted by the NBS may not be totally acceptable, the statistics show soaring unemployment. The charts below from the NBS *Unemployment and Under-employment Watch* tell the story. However, note the difference between the old and new Nigerian position and that of the International Labour Organisation. The old looks more in tune with the Nigerian reality.

Figure 5: Unemployment Rate Trend (2010-Q1, 2015)

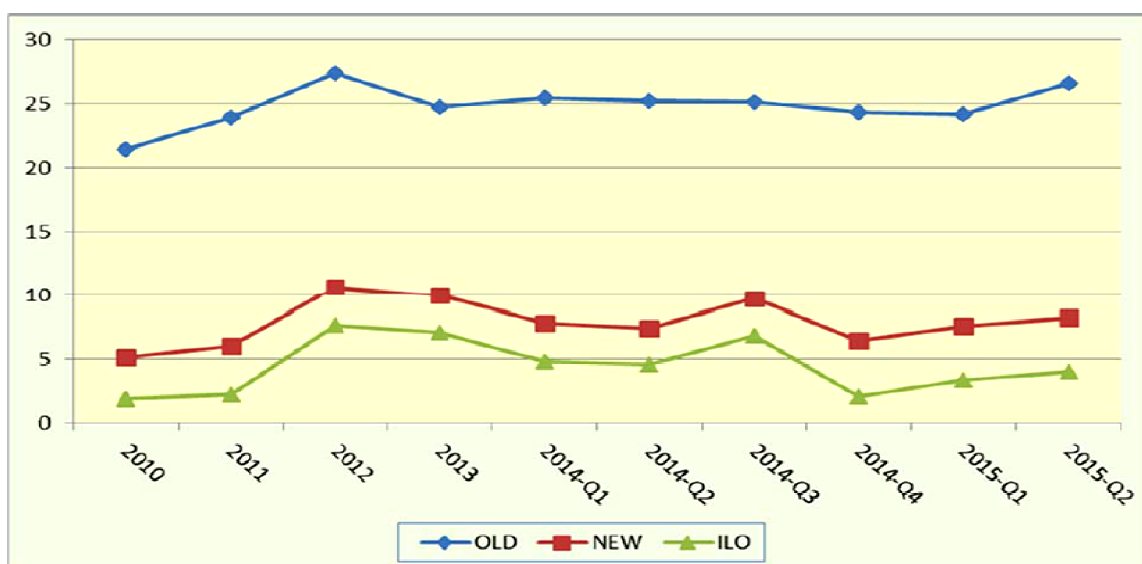
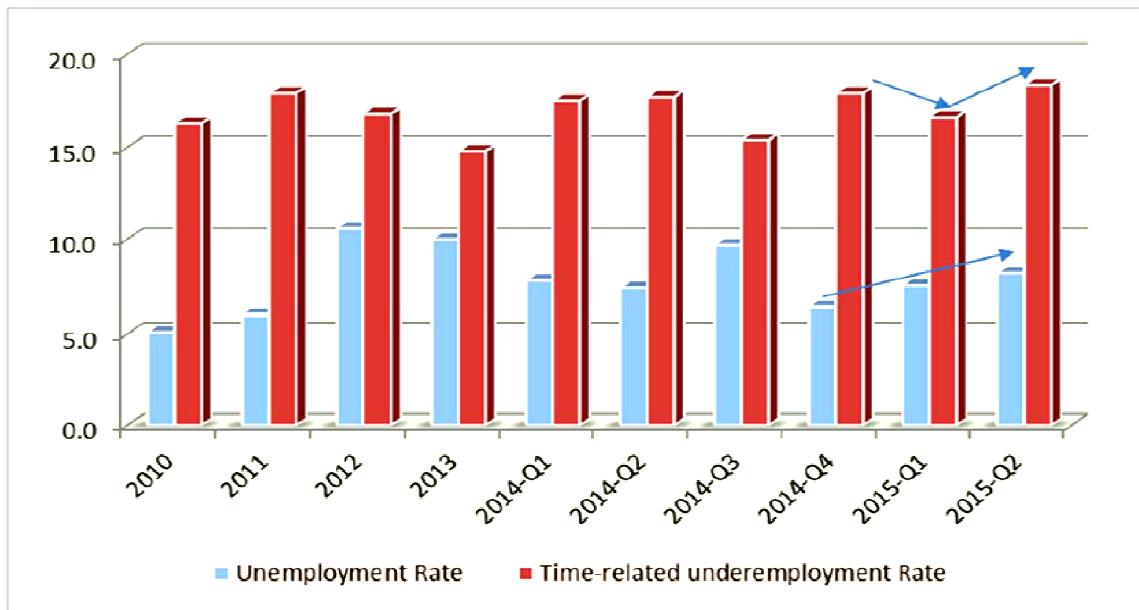


Figure 6: Unemployment and Under-employment (2010-Q1,2015)



The implication of the foregoing is that maintaining the high remuneration and allowances of public office holders at a time of high unemployment is not in tandem with the provisions of the Fundamental Objectives and Directive Principles of State Policy which mandates the state to control the national economy in such a manner as to secure the maximum welfare, freedom and happiness of every citizen on the basis of social justice and equality of status and opportunity<sup>11</sup>. Resources can be freed and redirected by government for investments that create new jobs.

## 11. THE SIZE OF THE LEGISLATURE

There have been public suggestions that NASS should be rationalised to save costs. The options include a unicameral legislature instead of the two chambers and this will lead to reduced number of legislators. Specifically, some have called for the scrapping of the Senate. There are also suggestions of making the legislature, a part time work. A comparison of the number of NASS members with select countries will proffer the opportunity for informed comments.

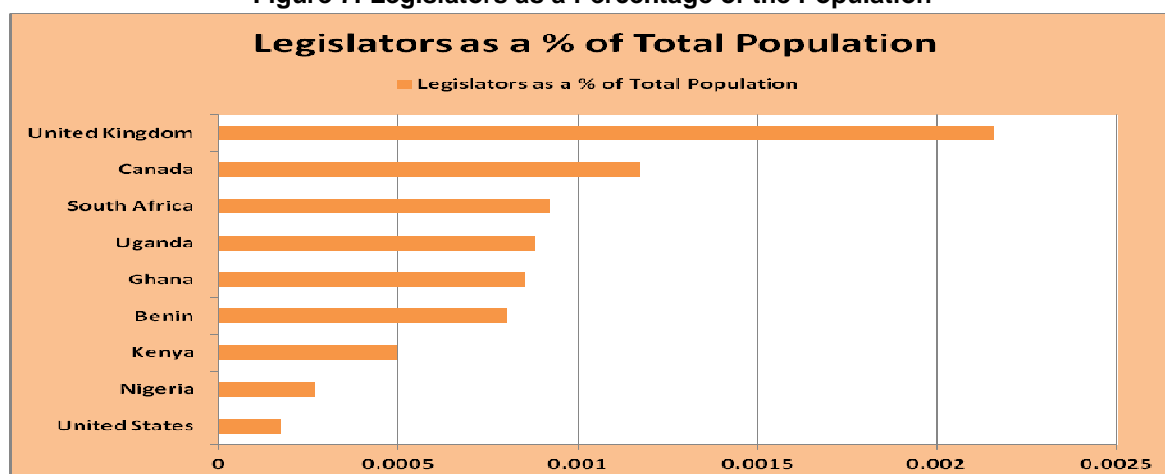
<sup>11</sup> Section 16 (1) (b) of the Constitution.

**Table 17: Legislature as a Percentage of Country Population in Select Countries**

Country	Population	Number Of Legislators	Legislators As A % Of The Population (%)
Nigeria	173,620,000	469	0.00027
United States	316,130,000	541	0.00017
United Kingdom	64,110,000	1382	0.00216
Canada	35,150,000	413	0.00117
South Africa	53,160,000	490	0.00092
Ghana	27,000,000	230	0.00085
Kenya	44,350,000	222	0.00050
Uganda	37,580,000	332	0.00088
Benin	10,320,000	83	0.00080

Source: Country Population Figures were extracted from the 2015 World Development Indicators (WDI); put together by World Bank Research Group, UN Statistical Division Population and Vital Statistical Report, Eurostat Demographic Statistics, US Census Bureau International Data Base, Census Reports and other Statistical reports from National Statistical Offices.

**Figure 7: Legislators as a Percentage of the Population**



From Table 17 and Figure 7, it is clear that 469 legislators are not excessive for a country the size of Nigeria. A full understanding of the duties and functions of the legislature (including lawmaking, oversight and representation) will reveal that the task is a full time assignment which requires all the time and energy of the legislator. It seems however that the complaints stem from the notion that NASS members are not fully dedicating themselves to their duties. If NASS members have been fully dedicated to their work, NASS would have passed more bills into law, followed up oversight activities with corrective action and this would have reduced corruption and abuse of office. In conclusion, the present Nigerian arrangement in terms of numbers and full time work needs to continue.

## 12. COMMITTEES IN NASS

There are 54 Standing Committees in the Senate and 90 Standing Committees in the House of Representatives. The foregoing Committees exclude the Special Committees like the Selection, Rules and Business, Public Accounts, Ethics and Privileges Committees and other Special and Ad-hoc Committees. However, the Federal Government has about 30 Ministries. With this number of Committees in the Senate, a Ministry will have about 2 Committees exercising oversight over its affairs while it will be an average of 3 in the House of Representatives. Compared to other Legislatures, the following Table emerges.

**Table 18: Legislatures from Select Countries and their Committees**

Country	Legislative Committees	Total Number of Committee
Nigeria	57 in the Senate and 90 in the House of Reps	147
Germany	25 Standing Committees and 1 Joint Committee in the Senate and 24 Standing Committees and 3 Joint Committees in the House	53
United States of America	Senate: 16 Standing Committees and 5 Joint Committees. The House of Representatives has 21 Standing Committees and 5 Joint Committees	47
United Kingdom	Senate: 15 Standing Committees. House: 10 Standing Committees	25
Australia	Senate: 19 Standing Committees and 8 Joint Committees. House: 15 Standing Committees and 18 Joint Committees	60

To run a Committee involves a lot of resources and this number of Committees spread the resources of NASS too thin. Committees need rooms, computers, printers and general consumables, communication gadgets, furniture; cost of travels, interactive sessions, public hearings, hire of consultants and ad-hoc staff, study tours and capacity building activities, etc. It is therefore imperative that the Senate and House of Representatives in the exercise of their power to establish Committees under S.62 of the Constitution consider cutting down the number of these Committees as a means of reducing costs.

For instance, the Committees on Land Transport and Marine Transport can be merged to one Committee on Transport. The Committees on Air Force, Army and Navy can become one committee on Defence. Similarly, all Health related Committees can come under the umbrella of Committee on health.

### 13. APPROPRIATIONS TO THE LEGISLATURE: COMPARATIVE ANALYSIS

This part of the Policy Brief will compare the budget of NASS with the appropriations of similar bodies in two peer African Countries - Ghana and South Africa. This will reveal the adequacy or excessiveness of appropriations to the legislature.

**Table 19: Allocation to NASS and Ghanaian Parliament as Percentages of Overall Budget Expenditures) 2010 - 2015**

Year	NIGERIA			GHANA		
	NASS Allocation (N)	Total FG Budget Allocation (N)	NASS Allocation as Percentage of Total FG Budget (%)	Allocation to Parliament (GH C)	Ghana Total Budget Expenditure (GH C)	Ghana Allocation to Parliament as Percentage of Total Ghanaian Budget (%)
2010	158,916,167,627.00	4,427,184,596,534.00	3.59	34,037,510.00	10,900,843,233.00	0.31
2011	150,000,000,000.00	4,484,736,648,992.00	3.34	36,885,489.00	13,534,030,225.00	0.27
2012	150,000,000,000.00	4,877,209,156,933.00	3.08	109,293,102.00	21,596,600,000.00	0.51
2013	150,000,000,000.00	4,987,220,425,601.00	3.01	178,540,891.00	28,163,377,196.00	0.63
2014	150,000,000,000.00	4,695,190,000,000.00	3.19	209,055,215.00	36,358,350,000.00	0.57
2015	120,000,000,000.00	4,493,363,957,158.00	2.67	185,194,572.00	37,695,512,766.00	0.49
Average over the Six Years			3.15	125,501,129.83	24,708,118,903.33	0.51

Source: Appropriation Acts of Nigeria and Ghana (Budget Office of the Federation of Nigeria and Ministry of Finance and Economic Planning, Ghana)

The appropriations in Nigeria and Ghana were done against the background of the macroeconomic fundamentals shown in Table 20.

Table 20: Macroeconomic Fundamentals of Nigeria and Ghana

Nigeria	Indicator	Ghana
173.6million (NBS 2014)	Population	27 million (World Bank)
\$1,091.64 (World Bank)	GDP per Capita	\$775.46 (World Bank)
2	Legislative Chambers	1
409	Number of Legislators	230
\$31,430million (CBN July 2015)	Foreign External Reserve	\$4,960 mn (GSS)
9.2% (July 2015 NBS)	Inflation	17.90 (GSS)
7.5% (NBS 2014)	Unemployment Rate	5.2% (GSS)

For the six years (2010-2015), while the Ghana Parliament got an average of 0.51% of the budget, NASS got 3.15%. This shows that the cost of maintaining the legislature is far higher in Nigeria compared to Ghana.

The South African figures compared to Nigeria are stated in Tables 21 and 22.

**Table 21: Allocations to NASS and SA Parliament as % of Overall National Budgets 2010 - 2015**

NIGERIA				SOUTH AFRICA			
year	NASS Allocation (N)	Total FG Budget Allocation (N)	NASS Allocation as Percentage of Total FG Budget (%)	Year	South African National Budget Allocation to Parliament (R'million)	South Africa Main Budget Expenditure (R'million)	South African Allocation to Parliament as Percentage of Total SA Budget (%)
2010	158,916,167,627.00	4,427,184,596,534.00	3.59	2010/2011	1198.9	805979.1	0.15
2011	150,000,000,000.00	4,484,736,648,992.00	3.34	2011/2012	1214.8	889911.5	0.14
2012	150,000,000,000.00	4,877,209,156,933.00	3.08	2012/2013	1297.9	965495.6	0.13
2013	150,000,000,000.00	4,987,220,425,601.00	3.01	2013/2014	1535.5	1047763.8	0.15
2014	150,000,000,000.00	4,695,190,000,000.00	3.19	2014/2015	1508.2	1135121.6	0.13
2015	120,000,000,000.00	4,493,363,957,158.00	2.67	2015/2016	1566.9	1222344.7	0.13
Average over the Six Years			3.15				0.14

SOURCE: Budget Office of the Federation of Nigeria and South Africa (Review of South Africa 2015 Budget)

These appropriations in Nigeria and South Africa were done against the background of the macroeconomic fundamentals shown in Table 22.

**Table 22: Macroeconomic Fundamentals of Nigeria and South Africa**

Nigeria	Indicator	South Africa,
173.6 million (NBS 2014)	Population	53 million, Statistical Office of South Africa (SSA)
\$1,091.64 (World Bank)	GDP per Capita	\$ 6,090.27 (World Bank 2014)
2	Legislative Chambers	2
409	Number of Legislatures	469
\$31,430 (CBN July 2015)	Foreign External Reserve	\$ 42,790.06 (South Africa Reserve Bank, July 2015)
9.2% (July 2015 NBS)	Inflation	5% (July 2015 SSA)
7.5% (NBS 2014)	Unemployment Rate	25.4% (2014, SSA)
\$77,415.60million (CBN July 2015)	Consumer Spending	\$137,032million (SA Reserve Bank July 2015)

For the six years (2010-2015), while the South African Parliament got an average of 0.14% of the budget, NASS got 3.15%. Again, this shows that the cost of maintaining

the legislature is far higher in Nigeria compared to South Africa. The full purport of this comparison will be shown in Table 23 (A) and (B) which converts the 6 year average appropriations to the legislature and the average overall budget of the 3 countries to a common currency; in this case, the United States Dollars.

**Table 23 (A) Nigeria and South Africa: Actual Allocations in USD**

6 Year Average 2010-2015	NIGERIA (Naira)			SOUTH AFRICAN (Rand)		
	NASS Allocation (N)	Total FG Budget Allocation (N)	NASS Allocation as Percentage of Total FG Budget (%)	South Africa National Budget Allocation to Parliament (R'million)	South Africa Main budget expenditure (R'million)	South African Allocation to Parliament as Percentage of Total SA Budget (%)
Average in Local Currency 2010-2015	146,486,027,937.83	4,660,817,464,203.00	3.15	1,387,030,000.00	1,011,102,720,000.00	0.14
Average Sum (\$)	735,926,761.18	23,415,341,033.89	3.15	101,797,765.72	74,207,477,709.93	0.14
Exchange Rate /\$	199.05			13.63		

**Table 23 (B) Nigeria and Ghana: Actual Allocations in USD**

6 Year Average 2010- 2015	GHANA (Cedi)		
	Allocation to Parliament (GHC)	Ghana Total Budget expenditure	Ghana Allocation to Parliament as Percentage of Total Ghanaian Budget (%)
Average in Local Currency 2010- 2015	125,501,129.83	24,708,118,903.33	0.51
Average Sum (\$)	31,219,379.93	6,146,336,312.21	0.51
Exchange Rate /\$	4.02		

Exchange Rates: \$1/Naira = 199.05, \$1/Rand = 13.63. \$1/Cedis = 4.02 as at 11<sup>th</sup> September 2015

Source: Real Time Google Finance Data

Tables 23 (A) and (B) shows that while Nigerian lawmakers appropriated \$735.9million to run their affairs out of a \$23.4billion federal budget, South African Parliament took \$101.7million out of a budget of \$74.2billion. Essentially, the South African budget is more than thrice the Nigerian federal budget but our legislators appropriated a vote more than 7 times the value of the budget of South African legislators. The Parliament of Ghana got an average of \$31.2million every year. When divided per capita by the number of legislators, the figures stood at \$1.57million; \$0.21million and \$0.14million per Nigerian, South African and Ghanaian legislator respectively.

## 14. CONCLUSIONS

The reduction of the cost of governance in Nigeria including the cost of running NASS has assumed centre stage in public discourse. The focus on NASS is in consideration of the role of the institution as the legal and moral compass of democracy and the duties of the legislature – general law making and appropriation, oversight responsibilities, representation, etc. This Policy Brief sought to use empirical evidence to contribute to the debate on the reduction of the cost of governance.

The 2007 RMAFC review of the salaries and allowances of Political, Public and Judicial office holders was based on certain considerations notably: (a) Changes in the basic fundamentals of the Nigerian economy; (b) External reserves; (c) GDP Growth rate; (d) rate of inflation; (e) correct placement of some category of public office holders who were wrongly placed in the old package; (f) need to modify old salaries and allowances and introduce new allowances that were not included in the old package; (g) need for a living wage to ensure honesty and dignity of the office holders and (h) need to ensure compliance with the provisions of sections 84 (3) and 124 (3) of the 1999 Constitution which states that the remuneration and salaries payable to the office holders and their conditions of service, other than allowances, shall not be altered to their disadvantage after their appointment.

In holding consultations prior to the review, RMAFC defined stakeholders so narrowly and limited it to would be beneficiaries of increments to salaries and allowances. The resulting Certain Political, Public and Judicial Office Holders (Salaries and Allowances, etc) (Amendment) Act No. 1 of 2008 was signed on 25<sup>th</sup> day of June 2008 by President Musa Yar’adua and had a commencement date of February 2007. It was a retroactive legislation.

The allocations to NASS between the year 2000 and 2015 amounted to an average of 2.98% of the overall budget compared to the Judiciary that got 1.91% of the overall budget during the reviewed period. The total remuneration of senators over a four year period amounts to N9.586bn while that of members of the House of Representatives amounts to N26.728bn bringing the total to N36.314bn. When other allowances and



perks of office that have not been monetised and the emoluments of staff of NABRO, NILS and the National Assembly bureaucracy is added, the figure shoots up to N61.735bn over the four years. This amounts to N15.433bn a year as personnel costs.

Since 2011, the NASS budget has become a first line charge as a statutory transfer. The details are no longer available to the public as it is stated as a lump sum. However, stating statutory transfers as a lump sum is not supported by Nigerian law. A review of the budgets of NASS for 2009 and 2010 show that the bulk of the budget goes to overhead costs (82.23% in 2009 and 85.68% in 2010) while the personnel costs took 12.85% and 9.04% in 2009 and 2010 respectively. Capital expenditure got 4.92% and 5.28% respectively in 2009 and 2010. Since the remuneration and allowances of the legislature is still based on the Act No.1 of 2008, this would likely be the trend in all the years subsequent to 2010 when the legislative budget was not published. Any effort to cut down the cost of governance ought to holistically focus on all aspects of the NASS budget but have a special interest in the overheads. NASS allocations in the 2 years were suffused with over-bloated and nebulous expenditure heads. NASS members are entitled to 3 Legislative Aides placed on Civil Service Grade Levels 08, 09 and 10 respectively.

The review of current macroeconomic fundamentals against the background of the 2007 RMAFC considerations show that the price of crude oil has depreciated and sells below the benchmark price used in the 2015 budget and economic growth has slowed down year on year. For the period 2000 to 2007, the external reserves rose by 35.17% while the NASS budget rose by 18.82%. However, for the period after the RMAFC review, external reserves diminished by -4.48% while NASS budget rose by 19.61% showing that more allocations to NASS is not sustainable in the short, medium and long term.

The ratio of personnel vote to overall government expenditure has started to exceed the 40% recommended threshold and as such, affects the capacity of the economy to embark on investments for growth and development. The ratio of personnel expenditure to the retained revenue shows the need for caution as it exceeds 54 percent over the last 6 years. Unemployment and under-employment has soared recently and the

economy is no longer in a position to sustain very high remuneration for NASS members and other political, public and judicial office holders.

The size of the NASS is reasonable when compared to other countries. The duties of a legislator also demands full time work. However, the committees in NASS are too many compared to the number of federal government ministries. They are also too many when compared to committees in Legislatures in other countries. When the appropriations to NASS as a percentage of the overall budget was compared to the appropriations of the Legislature in Ghana and South Africa, NASS clearly takes a far larger percentage of the federal budget.

## **15. RECOMMENDATIONS**

**15.1** RMAFC and other arms of government should review and amend the Certain Political, Public and Judicial Office Holders (Salaries and Allowances, etc) (Amendment) Act No. 1 of 2008 so as to reduce the allowances of public office holders.

**15.2** Consultations for the review should include stakeholders such as organised private sector, organised labour, civil society, relevant MDAS of government dealing with projections and analysis of macroeconomic data.

**15.3** The basic salary of members of the Legislature is reasonable and should not be reduced but the allowances and perks of office should be reduced by a minimum of 40%.

**15.4** The considerations for the above review should be tied to current economic realities and macroeconomic fundamentals.

**15.5** The review of the salaries and emoluments of NASS and other public office holders should be done at more frequent intervals. A review every four years is recommended.

**15.6** Provisions for overhead expenses in NASS should be regulated by law or policy and pegged at not more than 250% of the combined personnel and capital votes. This recommendation takes cognizance of the budgeted sums for personnel and capital expenditure as percentages of the overall NASS budget in the years 2009 and 2010. In the alternative, the appropriation for NASS should not exceed 2% of Retained FGN Revenue.

**15.7** In regulating overheads, a proper budget development template specific to the needs of the Legislature should be developed. The template must have sufficient clarity

to check duplications, frivolous and wasteful budget items. This should be preceded by a public expenditure management review of the systems of NASS.

**15.8** All statutory transfers including the allocation to NASS should be published in detailed line item format as is the practice with the allocations of other MDAs.

**15.9** The Senate and House of Representatives should consider reducing their committees to tally with international best practices from the current 147 to 50 committees.

**15.10** New laws reviewing the allowances of NASS members and other political, public and judicial office holders should no longer be made to have retroactive effect.

**15.11** Membership of the NASS should continue to be a full time job whilst the bicameral federal legislature should be retained.