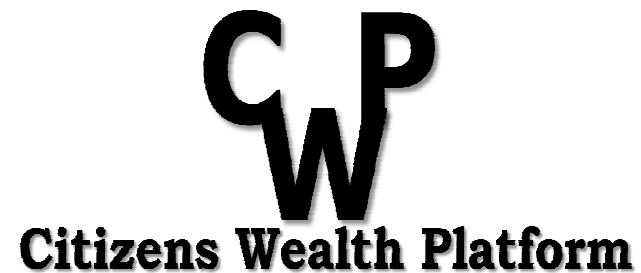


POLICY BRIEF: COST OF GOVERNANCE SERIES (2)

**Public, Political and Judicial Office Holders and the Cost of
Governance**



Public, Political and Judicial Office Holders and the Cost of Governance



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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)

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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
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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
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ABBREVIATIONS

BN	Billion
FGN	Federal Government of Nigeria
GDP	Gross Domestic Product
MBPD	Millions of Barrels Per Day
MDAs	Ministries, Departments and Agencies of Government
MN	Million
MTEF	Medium Term Expenditure Framework
N	Naira
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 Mobilization Allocation and Fiscal Commission
Q	Quarter
Y-On-Y	Year on Year

EXECUTIVE SUMMARY

This Policy Brief is focused on the reduction of the cost of governance; specifically on the remuneration of political, public and judicial office holders. It analysed the considerations used by RMAFC in the 2007 review of the salaries and allowances of public, political and judicial office holders which led to an increase in their salaries and allowances. 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 office holders stated in section 124 of the Constitution 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 salaries and allowances of public and political office holders and that of judicial office holders. It came to a preliminary conclusion that the salaries of public and political office holders are reasonable and in tandem with the economic realities of Nigeria. However, in terms of the allowances, it questioned the rationale for providing a constituency of 25% of the basic salary for the President and Vice President. Are they expected to open constituency offices and where should the offices be sited considering that the entire nation is their constituency? It further queried the provision of hardship allowance for the President and Vice President when virtually all the necessities of life are provided for them at the public expense. The Policy Brief questions the rationale for motor vehicle maintenance and fuel allowance for officers who have no official cars and who are not entitled to a vehicle loan.

For judicial officers, the memorandum submits that their allowances are reasonable especially when the need for effective justice delivery is taken into consideration.

The fact that medical services will be provided to these public, political and judicial office holders should be no excuse for indiscriminate foreign medical trips by these officers. Further, the fact that this category of officials who make policy and who should ensure that the health system works are entitled to overseas medical treatment at the public expense provides a disincentive to fix the Nigerian health system. The specifics and details of the conditions and criteria for approving overseas medical trips for these officials is not in the public domain while the exact cost per year of the treatment is unavailable to this Policy Brief. Thus, the appeal by the Nigerian Medical Association for a ban on overseas treatment at the public expense should be considered as an incentive to improve the health system and its infrastructure in Nigeria.

The total number of persons benefitting from this fat remuneration at all tiers of government is put at 17,474 and it costs the federal government N173.656bn every year. For state governments, the total cost is N360.091bn while local governments pay N592.865bn every year. This raises issues of social justice and the relativity of their remuneration to that of other workers in the same Nigerian economy. N173.656bn required at the federal level to pay these public officials who are 1,078 in number will pay the N18,000 minimum wage of 9,647,574 (nine million, six hundred and forty seven thousand, five hundred and seventy four) workers. Of course, the remuneration of other categories of public workers did not take into consideration the need to give them a living wage that will pay for a dignified existence. The Policy Brief gave examples of the opportunity cost of the huge sums paid out at the federal level.

A review of extant macroeconomic indicators including economic growth rate and price of crude oil shows that the figures and data are heading south. The extant price of crude oil is below the benchmark price of \$53 per barrel while production is below the budgetary projection. Budget implementation, especially the capital component has averaged less than 23% per annum due to a number of factors including paucity of funds. Fewer new jobs have been created while the external

reserves are down. The personnel vote as a percentage of overall government expenditure over a 7 year period show that it has crossed the 40% threshold and this affects the capacity of the economy to embark on investment programmes, thus impairing growth and development of the economy. When personnel cost is pitched against retained revenue, it shows that personnel costs have been 54.14% of retained revenue over the last 7 years. The foregoing leads to one inescapable conclusion - the need to reduce the cost of governance.

Against the background of the above discourse, the Policy Brief ends with 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 and political 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.

C. The basic salaries of the Executive are reasonable and should not be reduced but the allowances and perks of office should be reduced by a minimum of 40%.

D. Constituency allowance of 250% of basic salary for the President and Vice President respectively should be scrapped.

E. The allowances and perks of office of the Judiciary should be retained since their work demands probity and incorrigibility at the highest level.

F. The considerations for the above review should be tied to current economic realities and macroeconomic fundamentals and be relative to the salaries, remuneration and allowances of other public servants.

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

H. New laws reviewing the allowances of political, public and judicial office holders should no longer be made to have retroactive effect.

I. Considering the need to improve health services in Nigeria, FGN should consider a ban on overseas medical treatment of public officials using public resources.

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 investments¹, slowing economic growth² and fewer jobs³ 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 that may lead to the reduction of the cost of governance.

¹ See *Nigerian Capital Importation Report, Quarter 2, 2015* produced by the National Bureau of Statistics.

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

³ *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 remunerating the public, political and judicial office holders (excluding the legislature) at the federal, state and local government levels. The focus on these offices is because they constitute the bulk of officer holders that are paid in accordance with the stipulations of RMAFC as approved by NASS. They also constitute the most visible public and political office holders who make policy, mould public opinion and wield tremendous influence in economic, political and social life. In this category are key officers of state including the President, the Vice President, ministers and chairmen and members of various boards and commissions, governors, commissioners, and local government chairpersons.

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 spent on maintaining public, political and judicial office holders. The objectives are to:

- Review the remuneration of these office holders and the factors informing the remuneration.
- Use macroeconomic indicators, legal and socio economic conditions in Nigeria to review the remuneration of these public officers.
- Make recommendations for reform.

3. THE CONSTITUTIONAL FOUNDATION

The Constitution of the Federal Republic of Nigeria 1999 makes the following provisions regarding the remuneration of political and judicial office holders.

84.

(1) There shall be paid to the holders of the offices mentioned in this section such remuneration, salaries and allowances as may be prescribed by the National Assembly, but not exceeding the amount as shall have been determined by the Revenue Mobilisation Allocation and Fiscal Commission.

(2) The remuneration, salaries and allowances payable to the holders of the offices so mentioned shall be a charge upon the Consolidated Revenue Fund of the Federation.

(3) The remuneration and salaries payable to the holders of the said offices and their conditions of service, other than allowances, shall not be altered to their disadvantage after their appointment.

(4) The offices aforesaid are the offices of President, Vice-President, Chief Justice of Nigeria, Justice of the Supreme Court, President of the Court of Appeal, Justice of the Court of Appeal, Chief Judge of the Federal High Court, Judge of the Federal High Court, Chief Judge and Judge of the High Court of the Federal Capital Territory, Abuja, Chief Judge of a State, Judge of the High Court of a State, Grand Kadi of the Sharia Court of Appeal of the Federal Capital Territory, Abuja, President and Judge of the Customary Court of Appeal of the Federal Capital Territory, Abuja, Grand Kadi and Kadi of the Sharia Court of Appeal of a State, President and Judge of the Customary Court of Appeal of a State, the Auditor-General for the Federation and the Chairmen and members of the following executive bodies, namely, the Code of Conduct Bureau, the Federal Civil Service Commission, the Independent National Electoral Commission, the National Judicial Council, the Federal Judicial Service Commission, the Judicial Service Committee of the Federal Capital Territory, Abuja, the Federal Character Commission, the Code of Conduct Tribunal, the National Population Commission, the Revenue Mobilisation Allocation and Fiscal Commission, the Nigeria Police Council and the Police Service Commission.

At the state level, the 1999 Constitution provides as follows.

124.

(1) There shall be paid to the holders of the offices mentioned in this section such remuneration and salaries as may be prescribed by a House of Assembly, but not exceeding the amount as shall have been determined by the Revenue Mobilisation Allocation and Fiscal Commission.

(2) The remuneration, salaries and allowances payable to the holders of the offices so mentioned shall be charged upon the Consolidated Revenue Fund of the State.

(3) The remuneration and salaries payable to the holders of the said offices and their conditions of service, other than allowances, shall not be altered to their disadvantage after their appointment.

(4) The offices aforesaid are the offices of Governor, Deputy Governor, Auditor-General for a State and the Chairman and members of the following bodies, that is to say, the State Civil Service Commission, the State Independent Electoral Commission and the State Judicial Service Commission.

The implication of the foregoing provisions is that the extant conditions of service, remuneration and salaries cannot be reduced in any review. It can only be increased. However, the allowances can be reduced. The Constitution was silent on the periodicity of the determination or prescription of the salaries and emoluments of these officers by RMAFC. It did not also state the factors to be taken into consideration in determining and reviewing the remuneration of these officers.

4. THE 2007 RMAFC REVIEW

By the provisions of the Third Schedule, Part 1, Section 32 (d) RMAFC is to:

determine the remuneration appropriate for political office holders including the President, Vice President, Governors, Deputy Governors, Minister, Commissioners, Special Advisers, Legislators and the holders of the offices mentioned in sections 84 and 124 of this Constitution.

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 consideration⁴:

“(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 remuneration and had interactive sessions with them as follows: Federal Executive Bodies, Federal Judiciary, National Assembly, Executive at the State level, Judiciary at the State Level, State Legislature and Local Government Area 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? There were no consultations with organised private sector, labour, the academia and civil society.

⁴ *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*

5. 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 25th day of June 2008 by President Musa Yar'adua and has 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 law⁵.

6. SALARIES AND ALLOWANCES OF PUBLIC, POLITICAL AND JUDICIAL OFFICERS IN NIGERIA

This section details and reviews salaries and allowances of public office holders stated in the Certain Political, Public and Judicial Office Holders (Salaries and Allowances, etc.) (Amendment) Act No.1 of 2008. It repealed the principal Act of 2002.

6.1 Basic Salaries in the Executive

Table 1: Basic Salaries of the Federal Executive

SCHEDULE PART 1 A. Annual Basic Salary For Certain Political and Public Officers in the Executive (Federal)	Section 2
<i>Category</i>	Annual Basic Salary
President of the Federal Republic of Nigeria	N, 3,514,705.00
Vice-President of the Federal Republic of Nigeria	3,031,572.50
Chief of Staff to the President, Minister, Secretary to Government of the Federation, Head of Civil Service of the Federation	2,026,400.00
Chairman of (i) Code of Conduct Bureau (ii) Independent National Electoral Commission (iii) Federal Civil Service Commission (iv) National Population Commission	2,026,400.00

⁵ See section 2 of the Interpretation Act, Cap. 123, Laws of the Federation of Nigeria, 2004.

	<ul style="list-style-type: none"> (v) Federal Judicial Service Commission (vi) National Police Council (vii) Revenue Mobilization Allocation and Fiscal Commission (viii) Federal Character Commission (ix) National Judicial Council (x) Code of Conduct Tribunal (xi) Independent Corrupt Practices and Related Offences Commission (xii) Police Service Commission (xiii) National Assembly Service Commission (xiv) Economic and Financial Crimes Commission (xv) Public Complaints Commission (xvi) National Human Rights Commission (xvii) Judicial Service Committee of the Federal Capital Territory and such other Commissions as may be established by an Act of the National Assembly 	
	<p>Member of</p> <ul style="list-style-type: none"> (i) Code of Conduct Bureau (ii) Independent National Electoral Commission (iii) Federal Civil Service Commission (iv) National Population Commission (v) Federal Judicial Service Commission (vi) Nigeria Police Council (vii) Revenue Mobilization Allocation and Fiscal Commission (viii) Federal Character Commission (ix) National Judicial Council (x) Code of Conduct Tribunal (xi) Independent Corrupt Practices and Related Offences Commission (xii) Police Service Commission (xiii) National Assembly Service Commission (xiv) Economic and Financial Crimes Commission (xv) Public Complaints Commission (xvi) National Human Rights Commission (xvii) Judicial Service Committee of the Federal Capital Territory and such other Commissions as may be established by an Act of the National Assembly 	1,957,580.00
	Special Adviser to the President	1,942,875.00

	Auditor-General of the Federation/Permanent Secretaries, Directors-General, Executive Secretaries, Chief Executive of Parastatals, Agencies and Government Companies, INEC-Resident Electoral Commissioners	1,925,865.00
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The preliminary comment on these basic salaries is that, they are reasonable and in tandem with the economic realities of Nigeria.

6.2 Allowances and Fringe Benefits for the Federal Executive

Tables 2 to 6 tell the story.

Table 2: Allowances and Fringe Benefits of the President

Accommodation	Utilities	Domestic Staff	Entertainment	Medical Allowance	Security	Furniture Allowance	Personal Assistant	Motor Vehicle Loan	Motor Maintenance & Fuel Allowance
To be provided	To be provided	To be provided	To be provided	To be provided	To be provided	To be provided	To be provided	N/A	To be provided
Severance Gratuity (B)	Leave Allowance	Constituency Allowance	Hardship Allowance	Special Assistants	Newspaper	Duty tour Allowance	Estacode	Monitoring Allowance	
300%	10%	250%	50%	To be provided	To be provided	To be provided	To be provided	N/A	

Source: Act No.1 of 2008 and RMFAC 2007 Review, Vol.II

Table 3: Allowances and Fringe Benefits of the Vice President

Accommodation	Utilities	Domestic Staff	Entertainment	Medical Allowance	Security	Furniture Allowance	Personal Assistant	Motor Vehicle Loan	Motor Maintenance & Fuel Allowance
To be provided	To be provided	To be provided	To be provided	To be provided	To be provided	To be provided	To be provided	N/A	To be provided

Severance Gratuity (B)	Leave Allowance	Constituency Allowance	Hardship Allowance	Special Assistants	Newspaper	Duty Tour Allowance	Estacode	Monitoring Allowance
300%	10%	250%	50%	To be provided	To be provided	To be provided	To be provided	N/A

Source: Act No.1 of 2008 and RMFAC 2007 Review Vol.II

The idea of providing a constituency allowance of 250% of the basic salary for the President and Vice President is problematic. A constituency allowance should go with a constituency office and this is more of an allowance for legislators who are elected from specific constituencies. Where is the constituency of the President and the Vice President? Is it not the whole country? Do we in all seriousness and honesty expect the President and Vice President to open a constituency office? At which part of Nigeria will the constituency office be located? This allowance needs to be reconsidered by RMAFC. Further, if virtually every facility is provided for the President and the Vice President, the idea of a hardship allowance becomes very difficult to justify. A hardship allowance is meant to be an extra amount of money paid to someone working in difficult conditions. There is no special hardship encountered by the President and Vice President to justify this allowance. The hardship allowance also needs to be reconsidered by RMAFC.

Table 4: Allowances and Fringe Benefits of the Minister/SGF/HOS/Chairmen⁶/members⁷

Accommodation	Utilities	Domestic Staff	Entertainment	Medical Allowance	Security	Furniture Allowance	Personal Assistant	Motor Vehicle Loan	Motor Maintenance & Fuel Allowance
200%	30%	75%	45%	To be provided	To be provided	300%	25%	400%	75%

⁶ Chairmen of Code of Conduct Bureau, Independent National Electoral Commission, Federal Civil Service Commission, National Population Commission, Public Complaint Commission, Federal Judicial Service Commission, Nigeria Police Council, Revenue Mobilization Allocation and Fiscal Commission, Federal Character Commission, National Human Rights Commission, the National Judicial Council, Code of Conduct Tribunal, Police Service Commission, National Assembly Service Commission, ICPC, EFCC, any such other Commission as may be established by the National Assembly and the Chief of Staff to the President.

⁷ Members of the Constitutional Commissions mentioned at (2) above and the members of the Judicial Service Committee of the FCT.

Severance Gratuity (B)	Leave Allowance	Constituency Allowance	Hardship Allowance	Special Assistants	Newspaper	Duty tour Allowance	Estacode	Monitoring Allowance
300%	10%	N/A	N/A	To be provided	15%	N35.000	USD 900.00	20% ⁸

Source: Act No.1 of 2008 and RMFAC 2007 Review Vol.II

Table 5: Allowances and Fringe Benefits of the Special Advisers⁹

Accommodation	Utilities	Domestic Staff	Entertainment	Medical Allowance	Security	Furniture Allowance	Personal Assistant	Motor Vehicle Loan	Motor Maintenance & Fuel Allowance
200%	30%	75%	45%	To be provided	To be provided	300%	25%	N/A	75%
Severance Gratuity (B)	Leave Allowance	Constituency Allowance	Hardship Allowance	Special Assistant.	Newspaper	Duty Tour Allowance	Estacode	Monitoring Allowance	
300%	10%	N/A	N/A	To be provided	15%	N25.000	USD 800.00	N/A	

Source: Act no.1 of 2008 and RMFAC 2007 Review Vol.II

If Special Advisers will not get motor vehicle loan and it is not stated that a vehicle will be provided, why is there a provision for motor vehicle maintenance and fuel allowance? Alternatively, will they be using the allowance to maintain their private vehicles? This needs to be clarified.

⁸ The Allowance is only for Chairmen, Members and Secretaries of Constitutional Commissions involved in field work/monitoring activities, for example, the Independent National Electoral Commission, the National Population Commission, the Federal Character Commission, the Code of Conduct Bureau, the Revenue Mobilization Allocation and Fiscal Commission and the Police Service Commission.

⁹ Special Advisers- to include other categories like Speech Writer.

Table 6: Allowances and Fringe Benefits of the Auditor General/Permanent Secretaries¹⁰

Accommodation	Utilities	Domestic Staff	Entertainment	Medical Allowance	Security	Furniture Allowance	Personal Assistant	Motor Vehicle Loan	Motor Maintenance & Fuel Allowance
200%	30%	75%	45%	To be provided	To be provided	300%	25%	N/A	75%
Severance Gratuity (B)	Leave Allowance	Constituency Allowance	Hardship Allowance	Special Assistant	Newspaper	Duty tour Allowance	Estacode	Monitoring Allowance	
300% ¹¹	10%	N/A	N/A	To be provided	15%	N20.000	USD 800.00	20% ¹²	

Source: Act No.1 of 2008 and RMFAC 2007 Review Vol.II

If the Auditor General and Permanent Secretaries will not get motor vehicle loan, why is there a provision for motor vehicle maintenance and fuel allowance? Alternatively, will they be using the allowance to maintain and fuel their private vehicles? This needs to be clarified.

Overall, for all categories of officials in the executive (excluding the President and Vice President), the allowances and benefits seem bloated and out of sync with the economic realities of the nation. The regular yearly monetised allowances amount averagely to 475% of the basic salary. This excludes furniture allowance of 300% and severance gratuity of 300%. This also excludes estacode and monitoring allowance which will further increase the percentage of basic salary to be paid as allowances when it is computed at the end of the year. The fact that medical services are to be provided should be no excuse for indiscriminate foreign medical trips by these officers. Further, the fact that this category of officials who make policy and who should ensure that the health system works are entitled to overseas medical treatment

¹⁰ Members of the Constitutional Commissions mentioned at (2) above and the members of the Judicial Service Committee of the FCT.

¹¹ None Career Ambassadors are also to be paid this allowance at this rate

¹² The Allowance is only for Chairmen, Members and Secretaries of Constitutional Commissions involved in field work/monitoring activities, for example, the Independent National Electoral Commission, the National Population Commission, the Federal Character Commission, the Code of Conduct Bureau, the Revenue Mobilisation Allocation and Fiscal Commission and the Police Service Commission

at the public expense provides a disincentive to fix the Nigerian health system. The specifics and details of the conditions and criteria for approving overseas medical trips for these officials is not in the public domain while the exact cost per year of the treatment is unavailable to this Policy Brief. Thus, the appeal by the Nigerian Medical Association for a ban on overseas treatment at the public expense of this category of officials should be considered as an incentive to improve health systems and infrastructure in Nigeria.

6.3 Basic Salaries in the Judiciary

Table 7 from Act No.1 of 2008 details the annual basic salary for Federal and State Judicial Office holders.

Table 7: Annual Basic Salary for Judicial Office Holders (Federal and State)

Category	Annual Basic Salary (N)
Chief Justice of Nigeria	3,363,972.50
Justice of the Supreme Court	2,477,110.00
President of the Court of Appeal	2,477,110.00
Justice of the Court of Appeal	1,995,430.18
Chief Judge of the Federal High Court	1,995,430.18
Chief Judge of the FCT	1,995,430.18
President, National Industrial Court	1,995,430.18
Judge of the Federal High Court	1,804,740.00
Judge, National Industrial Court	1,804,740.00
Judge of the FCT High Court	1,804,740.00
Grand Kadi, FCT, Sharia Court of Appeal	1,995,430.18
President, FCT Customary Court of Appeal	1,995,430.18
Kadi, Sharia Court of Appeal, FCT	1,804,740.00
Judge, FCT Customary Court of Appeal	1,804,740.00
Chief Judge of State	1,995,430.18
Judge of State High Court	1,804,740.00
Grand Kadi, State Sharia Court of Appeal	1,995,430.18
President, State Customary Court	1,995,430.18
Kadi State Sharia Court of Appeal	1,804,740.00
Judge, State Customary Court of Appeal	1,804,740.00

These basic salaries are realistic and in tandem with the present economic realities of Nigeria. This is particularly in view of the fact that the remuneration of judicial office should be such to match their elevated and dignified office which should be above board in the resolution of disputes coming before them.

6.4 Allowances and Fringe Benefits for Judicial Officers (Federal and States)

Table 8: Allowances and Fringe Benefits of the Chief Justice of Nigeria

Accommodation	Utilities	Domestic Staff	Entertainment	Medical Allowance	Security	Furniture Allowance	Personal Assistant	Motor Vehicle Loan
To be provided or 200%	To be provided	To be provided	To be provided	To be provided	To be provided	To be provided	25%	To be provided
Severance Gratuity (B)	Retirement Benefit	Leave Allowance	Motor Maintenance & Fuel Allowance	Hardship Allowance	Newspaper	Estacode	Duty Tour Allowance	Outfit Allowance
300%	Scheme of Service	10%	To be provided	50%	To be provided	USD 2,000	N50,000	25%

Source: Act No.1 of 2008 and RMFAC 2007 Review Vol.II

Table 9: Allowances and Fringe Benefits of Justice of Supreme Court and President of the Court of Appeal

Accommodation	Utilities	Domestic Staff	Entertainment	Medical Allowance	Security	Furniture Allowance	Personal Assistant	Motor Vehicle Loan
To be provided or 200%	30%	75%	45%	To be provided	To be provided	300%	25%	400%
Severance Gratuity (B)	Retirement s Benefit	Leave Allowance	Motor Maintenance & Fuel Allowance	Hardship Allowance	Newspaper	Estacode	Duty Tour Allowance	
300%	Scheme of Service	10%	75%	50%	15%	USD 1,300	35,000	

Source: Act No.1 of 2008 and RMFAC 2007 Review Vol.II

Table 10: Allowances and Fringe Benefits of Other Judges and Kadis

Accommodation	Utilities	Domestic Staff	Entertainment	Medical Allowance	Security	Furniture Allowance	Personal Assistant	Motor Vehicle Loan
To be provided or 200%	30%	75%	45%	To be provided	To be provided	300%	25%	400%
Severance Gratuity (B)	Retirement Benefit	Leave Allowance	Motor Maintenance & Fuel Allowance	Hardship Allowance	Newspaper	Estacode	Duty tour Allowance	Outfit Allowance
300%	Scheme of Service	10%	75%	50%	15%	The Estacodes and Duty Tour Allowances differ based on grading.		25%

Source: Act No.1 of 2008 and RMFAC 2007 Review Vol.II

The allowances of the Judiciary seem reasonable within the context of the work they are paid to do and the economic realities of the nation.

7. COST IMPLICATIONS OF THE REMUNERATION PACKAGE BY ARMS/TIERS OF GOVERNEMENT

It is imperative to state that these salaries and benefits are for a very small percentage of the population as shown in Table 11.

Table 11: Number of Political and Public Office Holders in Nigeria

Category	Total Number
Federal Executive	472
Federal Legislature	464
Federal Judiciary	142
State Executive	2664
State Legislature	1,152
State Judiciary	792
LG Executive	3,096
LG Legislature	8,692
Total	17,474

Source: RMAFC 2007 Review, Vol.II

The total cost implication of the emoluments is as stated in Table 12.

Table 12: Cost Implication of the Remuneration Package

CATEGORRY	SALARIES	ALLOWANCE	TOTAL (N)
Federal Executive	8,604,590,680.00	89,742,899,133.00	98,347,489,813.00
Federal Judicial Officers	1,720,807,475.00	13,171,724,892.00	14,892,532,367.00
Federal Legislature	6,175,158,732.00	54,241,154,281.60	60,416,313,013.60
Total Federal Government	16,500,556,887.00	157,155,778,306.60	173,656,335,193.60
State Executive	28,351,040,580.00	272,166,837,723.00	300,517,878,303.00
State Judicial Officers	3,116,936,374.20	15,468,679,553.58	18,585,615,927.78
State Legislature	5,095,391,040.00	35,893,015,632.00	40,988,406,672.00
Total State Governments	36,563,367,994.20	323,528,532,908.58	360,091,900,902.78
LG Executives	16,021,970,280.00	234,018,162,378.00	250,040,132,658.00
LG Legislature	25,873,650,240.00	316,952,215,440.00	342,825,865,680.00
Total Local Governments	41,895,620,520.00	550,970,377,818.00	592,865,998,338.00
Total	94,959,545,401.20	1,031,654,689,033.18	1,126,614,234,434.38

Source: RMAFC, 2007 Review, Vol.II

7.1 Issues of Social Justice

This foregoing raises issues of social justice in a country of about 170m persons; whether it is right to dedicate this quantum of resources to service this infinitesimal percentage of the population. The total number of federal officers qualifying for this bumper package is 1,078 which is 0.001% of the 170m population of Nigeria. For all qualifying for this jumbo pay pack across the states and local governments of the Federation, their number comes up to 17, 474 which is 0.010% of the population. The Federal Government spends N173.656bn for the huge salaries which in 2015 amounts to 3.87% of the federal budget.

There is a wide disparity between the very low minimum wage and apparently outrageous fringe benefits and allowances of these special public officers. The salaries and allowances of these public officers are in far contrast to the minimum wage approved for grade level 1 civil servants. There should be an equitable relationship between the highest paid, lowest paid and averagely paid public officials. N173.656bn required at the federal level to pay these public officials who are 1,078 in number will pay the N18,000 minimum wage of 9,647,574 (nine million, six hundred and forty seven thousand, five hundred and seventy four) workers. This is not a sustainable relationship. Of course, the remuneration of other

categories of public workers did not take into consideration the need to give them a living wage that will pay for a dignified existence.

This question becomes more pertinent if the depth of poverty is considered. According to the Nigerian Bureau of Statistics, 61% of Nigerians live below the poverty line of \$1.25 a day while the World Development Indicators 2015¹³ puts the figure at 62% of Nigerians.

7.2 Opportunity Costs of the Expenditure

The sums spent over and above what is reasonable in maintaining these public office holders could have been spent on other items of public expenditure. What can the sum of N173.656bn spent at the federal level to maintain public, political and judicial office holders pay for? A few examples will make the case for a review.

- Bi-Courtney Highway Services Ltd was engaged to expand the Lagos-Ibadan Expressway to 10 lanes (5 on each side of the road) from Lagos to Shagamu and six lanes from Shagamu to Ibadan. It was also expected to build trailer parks and 5 interchanges amongst other things at a cost of N89.5bn. Essentially, a little over 50% of the sum deployed to these payments can finance the Lagos-Ibadan road project.
- At a cost of \$1m per new megawatt of electricity, 50% of the sum dedicated to paying these benefits can add 432.5 megawatts of electricity every year.
- At a cost of N5m for a new classroom for 40 students, 50% of this sum can finance 17,300 brand new classrooms.

Essentially, the opportunity cost of this payment is great and shows our prioritisation and scale of preference in matters of human and infrastructural development. There are current infrastructural gaps in the country in virtually every sector of the economy. The housing sector is experiencing a deficit of 17 million houses. The Bunu Committee set up to consider the state of ongoing projects in Nigeria, identified 11,700 abandoned or ongoing projects across the country which requires over N10trillion to complete. The country needs to fund this gap by increasing capital allocations in the budget and reducing recurrent expenditure.

¹³ World Bank Development Research Group, 2015

8. WHAT EXACTLY ARE WE PAYING FOR?

In the Legislature, the productivity is very low; the case of the Seventh National Assembly speaks to the facts. The 7th NASS ended up without passing the all important Petroleum Industry Bill. The amendment of the 1999 Constitution was stalled while other important pieces of legislation were left unattended to. The attempt to pass over 45 bills into law within a day by the Senate, by abrogating all legislative processes virtually at the end of its tenure was the epitome of the productivity of NASS. On a value for money analysis, the NASS cannot justify the huge sums it gets paid or the sums it allocates in its budget.

The Judiciary is marked by unnecessary delays and a justice system that fails to connect with the people's sense of justice. Justice according to the law and technicalities is a ready-made excuse for corrupt persons never to have their day in court or to waste sufficient time to ground a case whilst high level convicted persons get a slap on the wrist. Adjournments upon adjournments mark the judicial performance. Also, upon a value for money assessment, the judiciary fails to justify the money spent on it. The Executive arm of government is the one involved in one scandal, one corruption after another. Laws, policies and budgets are hardly implemented as enacted. Weak capacity combined with corruption ensures that not much gets done. The idea of giving the occupants of office a remuneration that will ensure they do not engage in corruption was dead on arrival. Thus, on any assessment of value for money, the executive arm is not entitled to receive jumbo pay cheques.

This raises the question; whether it is possible to tie the level of remuneration of these high officers of state to productivity. The answer is that it is possible and should be a task to be worked out between the RMAFC and the legislature.

9. CURRENT MACROECONOMIC FUNDAMENTALS AND THE RMAFC 2007 REVIEW CRITERIA

This memorandum now returns to review the criteria used by RMAFC as justification for increasing the remuneration and allowances of Political, Public and Judicial Office holders with a view to analyse their relevance and continued application to the extant political economy.

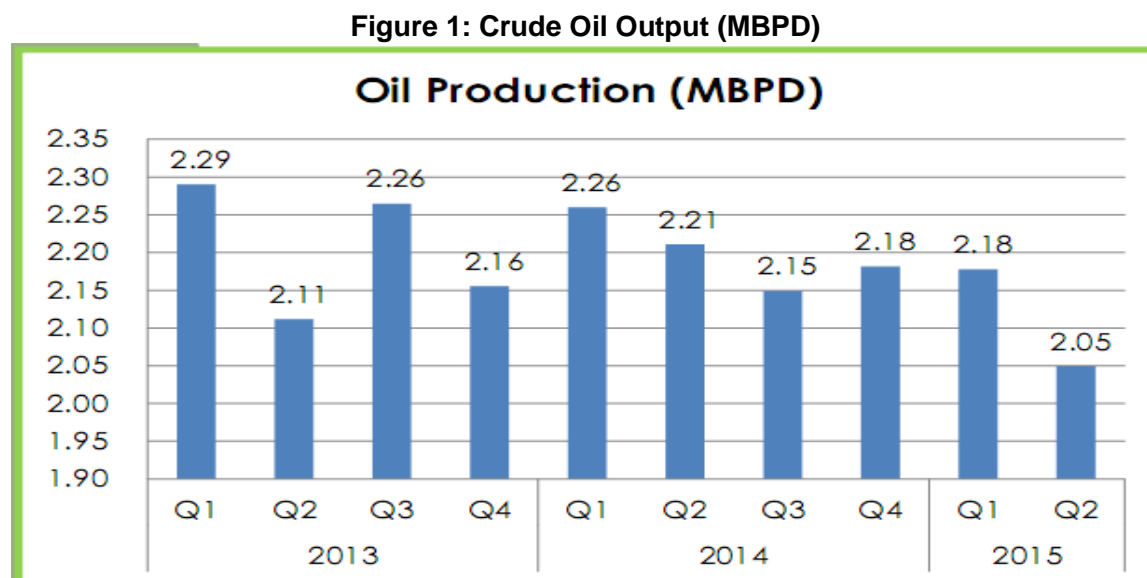
9.1 Current Price of Crude Oil and Capital Budget Implementation

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, not a single kobo was released for federal capital budget implementation between the third quarter of 2014 and the second quarter of 2015. Nigeria simply paid salaries and disbursed overheads without any investment 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%.

9.2 Economic Growth

Economic growth has been sluggish in the last couple of quarters. Figure 1 below shows that despite the reduced price of crude oil, Nigeria’s production has reduced compared to years 2013 and 2014.



Source: NBS GDP Report Q2 2015

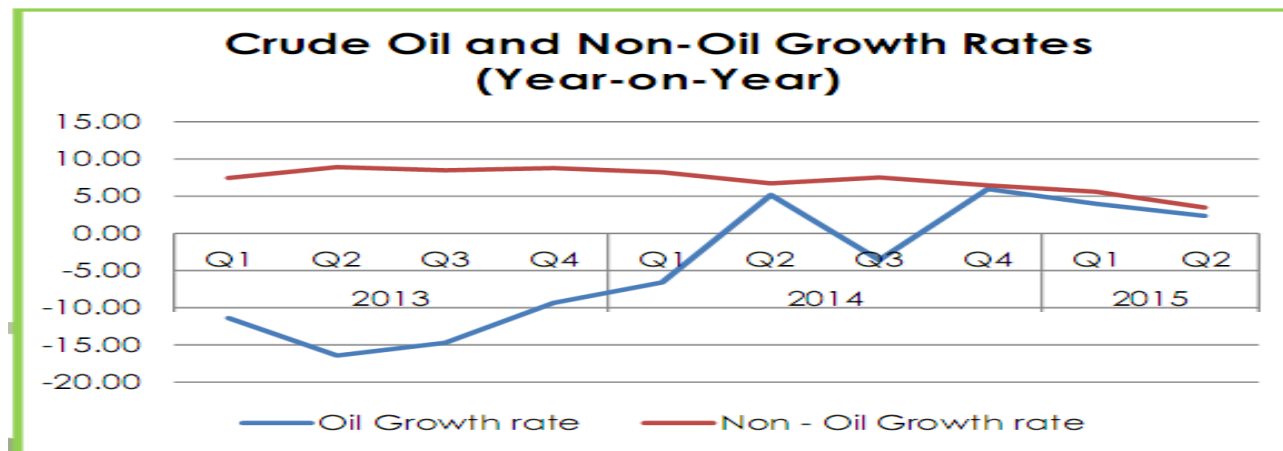
During Quarter 2 of 2015, the NBS stated as follows of the oil and non oil sectors.

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.

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 tells the story of crude oil and non oil growth rates.

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.

9.3 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 Political, Public and Judicial office holders. 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 economic data. Merely consulting would be beneficiaries of an intended increase cannot amount to sufficient consultation.

9.4 The High Level Remuneration 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 that¹⁴: *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 13 indicates changes in external reserves across the period of 2000-2015.

Table 13: Changes in External Reserves 2000-2015

Year	External Reserves (US\$ Million) As at End December	Growth Rate of External Reserve (%)
2000	9,386.10	
2001	10,267.10	9.39
2002	7,681.10	-25.19
2003	7,467.78	-2.78
2004	16,955.02	127.04
2005	28,279.06	66.79
2006	42,298.11	49.57
2007	51,333.15	21.36
Average Growth Rate 2000-2007	21,708.43	35.17
2008	53,000.36	3.25
2009	42,382.49	-20.03
2010	32,339.25	-23.70
2011	32,639.78	0.93

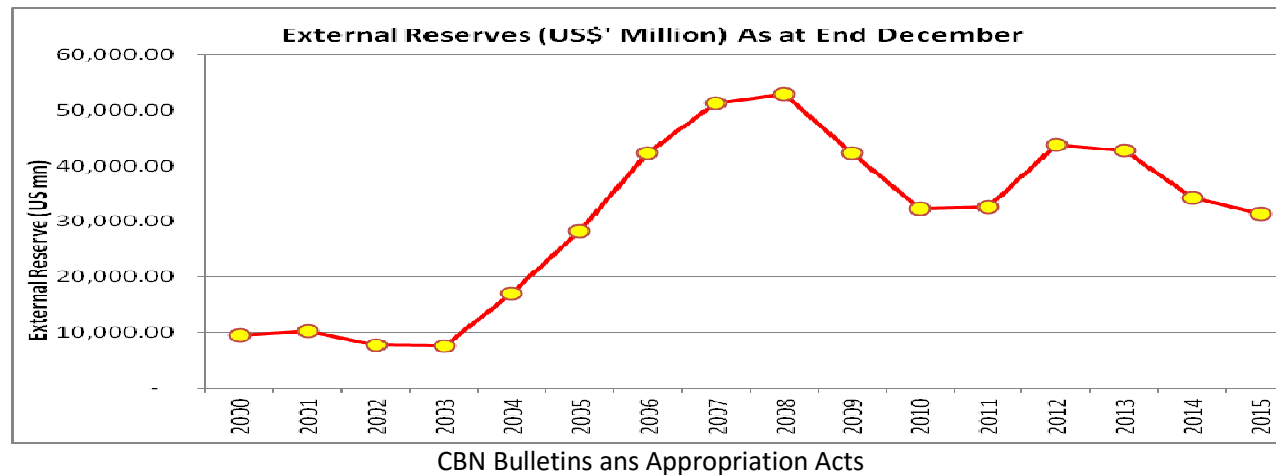
¹⁴ Remuneration Package for Political, Public and Judicial Office Holders in Nigeria Vol. II: The Reviewed Remuneration Package for the Legislature at the Federal, State and Local Government levels

2012	43,830.42	34.29
2013	42,847.31	-2.24
2014	34,241.54	-20.08
2015	31,430.00	-8.21
Average Growth Rate 2008 – 2015	39,088.89	-4.48

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

From Table 13, 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 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 remuneration was reviewed higher. This indicates that using the External Reserves as an indicator, the reviewed remuneration appears unsustainable. The trend in the movement of External Reserves is more graphically explained in Figure 4.

Figure 4: Movement of External Reserves 2000-2015



9.5 Personnel Votes Versus Overall Government Expenditure

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”¹⁵. Table 14 shows the ratio of personnel to overall expenditure from the effective date of the review till date.

Table 14: 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
Average			39.19

Source: Budget Implementation Reports 2008 – 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 there have been no releases for capital budget implementation at the beginning of September, 2015. 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. This is shown in Table 15.

¹⁵ Last paragraph of page 44 (5.3) of the 2007 Review.

Table 15: 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	42.32905231
2009	986,230,000,000.00	1,704,985,600,000.00	57.84389029
2010	1,563,980,000,000.00	2,958,720,000,000.00	52.86002055
2011	1,853,960,000,000.00	2,566,670,000,000.00	72.23211398
2012	1,810,660,000,000.00	3,131,090,000,000.00	57.82842397
2013	1,753,610,000,000.00	3,500,470,000,000.00	50.09641562
2014 (half year)	753,130,000,000.00	1,645,800,000,000.00	45.76072427
Average	1,380,585,085,714.29	2,533,485,600,000.00	54.14

Source: Budget Implementation Reports 2009 – 2014 Q2. BOF

Table 15 further makes a case for bringing down personnel expenditure to manageable limits because it has exceeded the threshold of 40% and rests at 54.14% of retained revenue.

9.6 Unemployment and Underemployment Statistics

While the new definition 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. Figures 5 and 6 tells the story.

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

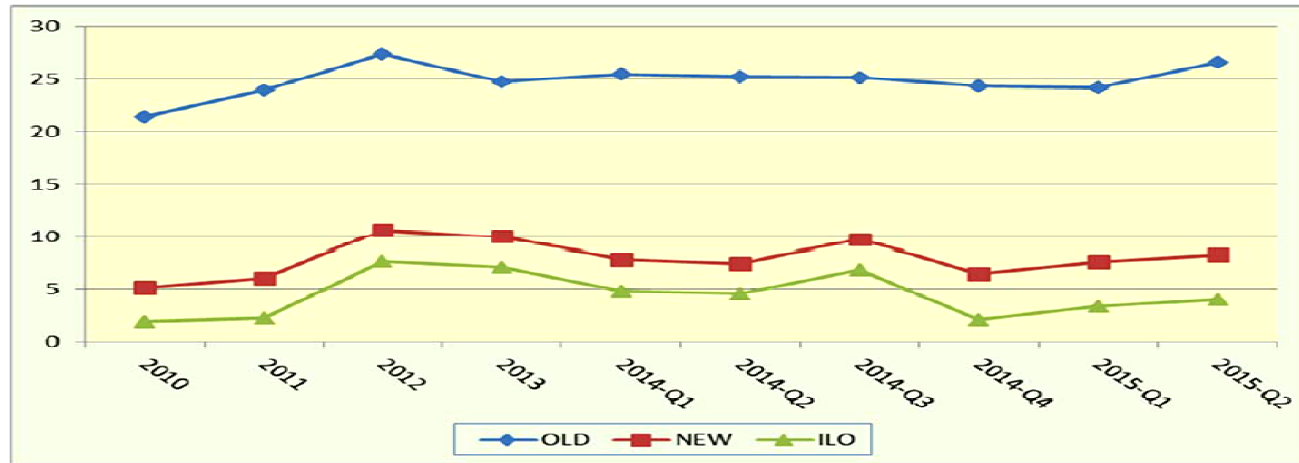
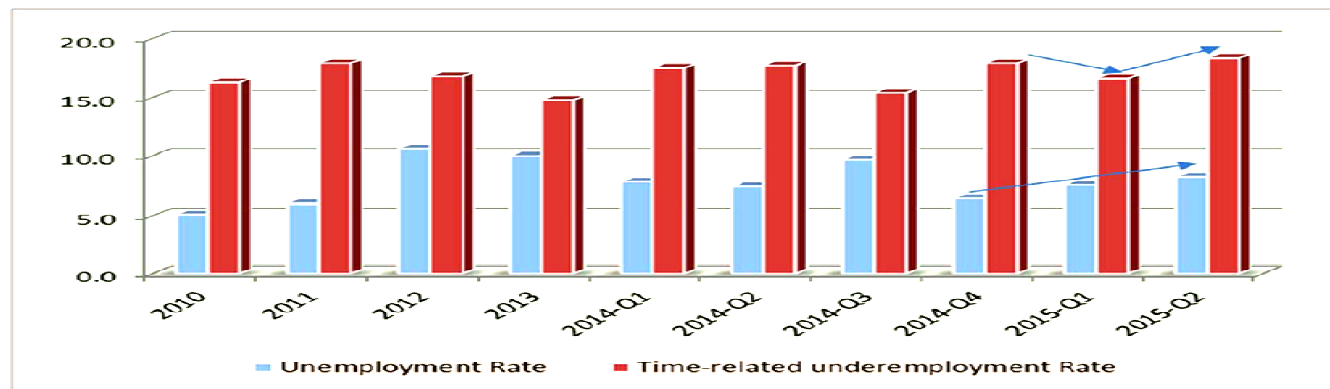


Figure 6: Unemployment and Under-employment (Q1 2010- Qq2 2015)



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 opportunity¹⁶. Resources can be freed and re-directed by government for investments that create new jobs.

10. CONCLUSIONS

The reduction of the cost of governance in Nigeria has assumed centre stage in public discourse. This Policy Brief focuses on an aspect of the cost of governance; specifically, the cost of remunerating the public, political and judicial office holders (excluding the legislature) at the federal, state and local government levels. The focus on these offices is because they constitute the bulk of office holders that are paid in accordance with the stipulations of RMAFC as approved by NASS. They also constitute the most visible public and political office holders who make policy, mould public opinion and wield tremendous influence in economic and social life. In this category are key officers of state including the President, the Vice President, ministers and chairmen and members of various boards and commissions, governors, commissioners, and local government chairpersons. This Policy Brief seeks to use empirical evidence to contribute to the dialogue on the reduction of the cost of governance.

From the constitutional foundations for the remuneration of this category of office holders, their extant conditions of service, remuneration and salaries cannot be reduced in any review. It can only be increased. However, the allowances can be reduced. The Constitution was silent on the periodicity for the determination or prescription of the salaries and emoluments of these officers by RMAFC. It did not also state the factors to be taken into consideration in determining and reviewing the remuneration of these officers.

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)

¹⁶ Section 16 (1) (b) of the Constitution.

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 25th day of June 2008 by President Musa Yar'adua and has a commencement date of February 2007. It was a retroactive legislation.

The basic salaries of members of the Executive arm of government are reasonable and in tandem with the economic realities of Nigeria. However, some of the allowances are out of place. The idea of providing a constituency allowance of 250% of the basic salary for the President and Vice President is problematic. A constituency allowance should go with a constituency office and this is more of an allowance for legislators who are elected from specific constituencies. Where is the constituency of the President and the Vice President? Is it not the whole country? Do we in all seriousness and honesty expect the President and Vice President to open a constituency office? At which part of Nigeria will the constituency office be located? This allowance needs to be reconsidered by RMAFC. Further, if virtually every facility is provided for the President and the Vice President, the idea of a hardship allowance becomes very difficult to justify. A hardship allowance is meant to be an extra amount of money paid to someone working in difficult conditions. There is no special hardship encountered by the President and Vice President to justify this allowance. The hardship allowance also needs to be reconsidered by RMAFC.

Also, some members of the executive do not get a motor vehicle loan and it is not stated that vehicles will be provided for them, whilst they get provisions for maintenance and fuel of motor vehicles. This needs to be clarified. Further, the fact that public, political and judicial office holders who make policy and who should ensure that the health system works are entitled to overseas medical treatment at the public expense provides a disincentive to fix the Nigerian health system. The specifics and details of the conditions and criteria for approving overseas medical trips for these officials is not in the public domain while the exact cost per year of the treatment is unavailable to this Policy Brief. Thus, the appeal by the Nigerian Medical Association for a ban on overseas treatment at the public expense should be considered as an incentive to improve health systems and infrastructure in Nigeria.

Overall, for all categories of officials in the executive (excluding the President and Vice President), the allowances and benefits seem bloated and out of sync with the economic realities of the nation. The regular yearly monetised allowances amount averagely to 475% of the basic salary. This excludes furniture allowance of 300% and severance gratuity of 300%. It also excludes estacode and monitoring allowance which will further increase the percentage of basic salary to be paid as allowances when it is computed at the end of the year. The basic salaries of judicial officers are realistic and in tandem with the present economic realities of Nigeria. This is particularly in view of the fact that the remuneration of judicial office should be such to match their elevated and dignified office which should be above board in the resolution of disputes coming before them.

The expenditure of huge resources on salaries and fringe benefits raises issues of social justice in a country of about 170m persons; whether it is right to dedicate this quantum of resources to service this infinitesimal percentage of the population. The total number of federal officers qualifying for this bumper package is 1,078 which is 0.001% of the 170m population of Nigeria. For all qualifying for this jumbo pay pack across the states and local governments of the Federation, their number comes up to 17, 474 which is 0.010% of the population. The Federal Government spends N173.656bn for the huge salaries which in 2015 amounts to 3.87% of the federal budget.

These payments come at a great opportunity cost to other national priorities especially in human capital and infrastructure development. Further, Nigeria is not getting value for money for all these high profile payments considering the poor service delivery of the three arms of government.

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 federal budget and economic growth has slowed down year on year. For the period 2000 to 2007, the external reserves rose by 35.17%. However, for the period after the RMAFC review, external reserves diminished by -4.48% showing that more payments to public office holders is not sustainable in the short, medium and long term. The 2007 increase did not benefit from full stakeholder participation.

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. Unemployment and under-employment has soared recently and the economy is no longer in a position to sustain very high remuneration for political and public office holders.

11. RECOMMENDATIONS

11.1 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 and political office holders.

11.2 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.

11.3 The basic salaries of the Executive are reasonable and should not be reduced but the allowances and perks of office should be reduced by a minimum of 40%.

11.4 Constituency allowance of 250% of basic salary for the President and Vice President respectively should be scrapped.

11.5 The allowances and perks of office of the Judiciary should be retained since their work demands probity and incorrigibility at the highest level.

11.6 The considerations for the above review should be tied to current economic realities and macroeconomic fundamentals and be relative to the salaries, remuneration and allowances of other public servants.

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

11.8 New laws reviewing the allowances of political, public and judicial office holders should no longer be made to have retroactive effect.

11.9: Considering the need to improve health services in Nigeria, FGN should consider a ban on overseas medical treatment of public officials using public resources.