

At Last, Pay Cut for Public Officers Begins



By Juliana Taiwo, Abuja

The pay cut for public and political office holders proposed by President Umaru Musa YarAdua in February will take effect at the end of this month.

YarAdua had, in a proposal to the Revenue Mobilisation Allocation and Fiscal Commission (RMAFC), requested a downward review of the remuneration packages of public officers across the country to reflect the dwindling oil revenues.

Details of the new scheme show that for the President and Vice-President, the 300 per cent severance pay has been cancelled because both are entitled to pensions for life by virtue of Section 84 Sub-section 5 of the Constitution.

In addition, the hardship allowance for both was reduced from 50 per cent to 30 per cent.

For the National Assembly, the number in the fleet of vehicles for the Senate President is reduced from eight to six, while that of the Speaker of the House of Representatives is now reduced from seven to six.

For the Senators, their constituency allowance has been reduced from 250 per cent of their annual basic salary to 125 per cent. That of members of the House of Representatives is reduced from 150 per cent to 75 per cent.

This was disclosed by the Chairman of the Commission, Mallam Hamman Tukur, yesterday when he submitted the report to YarAdua with the advice that the reviewed salaries and emoluments should take effect as from July 1, 2009 for all political office holders in the three tiers of government federal, state and local.

The report is in four volumes. Volume One deals with allowances for federal executives and judicial officers; Volume Two deals with the state and local governments executive arms; Volume Three covers the federal legislature, while Volume Four deals with the allowances for state and local government legislatures.

Though Tukur did not disclose the actual figures each official would receive in the envisaged review, he gave the details of how the new salary scheme would be worked out.

He said in arriving at the figures to be worked out, the Commission avoided the temptation of unilaterally adopting an across-the-board percentage deduction.

The RMAFC chairman said in the case of accommodation, Nigeria was categorised into zones and the reduction was made based on the peculiar rent within each zone.

The national wage bill of N1.3 trillion per annum is substantially attributed to the councils, with 53 per cent of it being salaries and allowances expended on the third tier of government.

Thirty-two per cent of the total sum is spent on the officials of the 36 state governments, while the Federal Government spends only 15 per cent of it.

According to him, the commission was quite concerned with the high level of expenditure on the emolument of public and political office holders at the third tier of government which is adversely affecting the expenditure on service delivery and good governance. Subsequently, some allowances have been drastically reduced, while others have been cancelled at the local government level. For example, accommodation and furniture allowances have been reduced by over 50 per cent for the local governments. In the same vein, allowances, including entertainment, personal assistants, severance gratuity, etc were altogether cancelled.

He further stated that the Commission in accordance with the provisions of the Constitution, will with an accompanied draft review bill, forward the report on the Executive and the Judiciary at the Federal level and that of the Federal Capital Territory Area Councils to the National Assembly for further amendment of the Certain Political, Public and Judicial Office Holders Act 2008.

Tukur said the review of the salaries and emoluments had become imperative because at the material time when these packages were determined, the resources available to our great country were almost at its peak. Our foreign reserve was as high as \$51 billion and capable of supporting over 16 months of import bills; the Excess Revenue Account on the one hand had a balance of over \$40 billion, while crude oil the dominant commodity in our economy, was averagely selling at well over \$75 per barrel and the quantity being produced was over 2.2 million barrel per day.

In 2009, however, the situation became so different that the President had to re-examine the global recession and its impact on the Nigeria economy. It was under this circumstances that Mr. President took the initiative to inform this Commission on February 10, 2009 on the need to review the remuneration packages of holders of political and public offices in the whole country such as to reflect the dwindling revenue of our country.

The RMAFC chairman said in arriving at the final recommendations, the Commission not only examined the relevant sections of the 1999 Constitution but also held consultative sessions with relevant stakeholders with a view to getting their input to help the commission to arrive at a fair package. In this regard, the Commission held consultations with the Senate, House of Representatives, Judiciary, representatives of State Assemblies, representatives of media and labour, National Economic Management team and the representatives of federal executive bodies such as INEC. Furthermore, the Commission reviewed all economic indicators and key macro economic variables which were considered crucial to the review exercise.

However, the Commission in order to be very fair, equitable and just to all the beneficiaries of the package, decided not to review basic salaries and to confine the task only to the review of allowances and other benefits of political and judicial office holders including those in the legislatures.

At this juncture, let me state clearly that by this review exercise, each allowance and for each political and judicial office holders was considered purely on its own merits before concluding on whether or not to review it downwards, retain it or cancel such allowance altogether. The implication is that the Commission avoided the temptation of unilaterally adopting an across-the-board percentage deduction in the exercise.

Tukur added that the Volume Three part of this report will be presented to the Federal legislature for it to implement immediately. Similarly within next week, all States and Local Government legislatures will also be presented with the report for implementation with effect from 1st July 2009. However, the report in respect of States and Local Council executives will be submitted to State Assemblies with specimen draft bills for consideration and subsequent amendment to their various remuneration laws.

For the immediate effect on the economy and to facilitate the review of the budget deficit of the government, the implementation of the review packages will have to be uniformly applied throughout the country with effect from 1st July 2009 for all beneficiaries.

This review package automatically supersedes all the previous reports of the Commission. Apart from the salaries, allowances and fringe benefits contained in these packages, no other salaries, allowances and fringe benefits are payable to any political, public or judicial office holders. This downward review is to ensure that all the tiers of government are able to pay the package in view of their dwindling resources.

In his remarks, YarAdua commended the Commission for a job well done, adding that the exercise was undertaken in the best interest of the country.

He said the exercise was unprecedented in the history of the country.

He said: Indeed, it became necessary to put in a modest request to the commission which has the constitutional power regarding the remuneration of political, public and judicial office holders, to appeal to the commission to examine the current economic downturn which had begun sometime in the middle of last year and the dwindling resources accruing to the three arms of government, the fall in crude oil production, fall in the influx of foreign direct investments and fall in influx in remittances which totally gave rise to the dwindling revenues to the federal, states and local government.

It became necessary at the time to request and appeal to the commission to examine the situation, review the 2008 Act which had been passed by the National Assembly and also review the remunerations of all legislatures throughout the country, so that they come out with a package that is a response to the situation the nation has found itself.

This is the first time this exercise has been undertaken and I think it has demonstrated a great sense of responsibility on the part of the commission. It needs courage to carry out an exercise like this. We have to contact and consults with all stakeholders and I appreciate the fact that almost all stakeholders saw the need for the nation to make adjustment when the need arises in terms of the earning for public, political and judicial office holders, this clearly show that both holders who are holding various offices and can respond and make sacrifices for the sake of this nation when asked to do so.

I think this is no mean achievement. With this I want to congratulate all members of the executive arm of government at all levels, members of the National Assembly and all state houses of assembly and all local government councillors for this sense of responsibility and demonstration of patriotism and nationalism.

I assure Mr. Chairman that all of us who have been called to make this sacrifice are pleased, happy and willing to do so as we found out when consulted all stakeholders and this has provided examples for the future, we should not be dogmatic on anything that requires us to change as circumstances change, we should be able to change and make adjustments in the interests of our country.

You have done a good job by making sure that no arm of government or its agency is distressed because they will not be in the position to meet their obligations in terms of remuneration to their public, political and judicial office holders.

I have no doubt in my mind from the brief you gave and the address that you have done an excellent job and this will bring in line the salaries and allowances and remuneration of all these officers within the range of remuneration in the civil service and the private sector and I

hope that all other institutions including private sector institutions take a cue from this exercise.

The ultimate objective is that no one should lose their job because of the current economic downturn. Adjustment should be made where necessary; sacrifices should be made where necessary so that people should save their jobs. Unemployment is the greatest problem we have in this country and no matter what problem we have faced, confront; we should be able to take measures to ensure that we do not aggravate this problem. This is what the Revenue Mobilisation Allocation and Fiscal Commission has done. I want to once again thank Mr. Chairman and the members for responding timely to this appeal that I made to you. I also want to thank all stakeholders for recognising the need to make these sacrifices.

C. Thisday

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