



NIGERIA LABOUR CONGRESS

MOTTO: LABOUR CREATES WEALTH

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8th August 2022

His Excellency
Muhammadu Buhari, GCFR
President, Federal Republic of Nigeria
Presidential Villa
Abuja

Blessed P.
[Signature] 12/08/2022
1240h

Through: The Chief of Staff to the President

our dear President.

Reviving the Economy: Our Response to Governors Prescriptions

We bring to Your Excellency fraternal greetings from the leadership and membership of the Nigeria Labour Congress (NLC).

We write to avail you of our response to the Governors' prescription for turning around the economy.

It has been widely reported that the Governors amongst other things, had proposed the elimination of PMS subsidy/under-recovery estimated at N6-7 trillion, early retirement of civil servants from age 50 and above, the implementation of the reviewed Oronsaye Report, putting an end to financing government's budgetary expenditures, converting its N19 trillion debt into a 100-year bond, putting a final stop to PMS subsidy, eliminating NNPC's federation-funded projects, capping Social Investment Programme (SIP) and National Poverty Reduction with Growth Strategy budgets at N200 billion, eliminating extra-constitutional deductions from FAAC, reducing National Assembly constituency projects, etc.

Your Excellency, while we do agree that the economy is in need of revitalization, we are dismayed by some of the prescriptions of the Governors as they smack of extreme selfishness and insensate cruelty.

Speaking directly to the issue of removal of fuel subsidy, we find it unrealistic, insensitive and hypocritical. It is on record that governors have always been against the culture of saving for the rainy day. In spite of this culture of recklessness predating your administration, few of them have anything to show for all the moneys they have collected. If there is little or nothing to show for the principal sums or revenues collected over the years, what assurance do we have that the additional sum on top of the principal popularly called subsidy (most of which is shrouded in mystery and crime anyway) can be put to effective use. Coupled with this, we find it distasteful that petrol subsidies in Nigeria create distortions in the economy but they do the opposite in US or Western Europe!

Truth is that removal of the little benefit the average person in Nigeria enjoys could lead to unintended consequences which we would be better off without.

The solution to subsidy and the ballooning deficits lies in domestic refining, effective management of our refineries, and creating an enabling environment for effective and efficient public sector leadership in the building and management of local refineries. The 1999 Constitution of the Federal Republic of Nigeria, as amended, is very clear in the provisions of Chapter Two that the commanding heights of the economy should be in public hands, and also that the resources of the economy should be held in public hands and also that the resources of the country should be managed in such a way as to assure maximum benefits to the people of Nigeria. We aver that the only way these provisions can be effectively implemented is by ensuring that public sector leadership in the oil and gas sector, in the refining of petroleum products, and in the management of the benefits accruing therefrom.

Currently, our country loses \$1.9 billion to oil thieves every month. Consequently, Nigeria is unable to meet its production quota to OPEC in addition to the colossal damage to the environment. Yet, the greatest damage is to Nigeria's economy.

One does not need a degree in Economics to understand the full extent of the tragedy unfolding before us. A half of \$1.9 billion is more than enough to solve the problems in the education sector that have kept our children at home for six months and counting.



The best way to ensure this is for government to be decisive in curbing and punishing corruption, wastage, mismanagement, and maladministration in the petroleum sector.

The Governors have canvassed for the premature termination of the appointments of public servants from age 50 and above in clear violation of their contracts of employment which is a subsisting law.

We find this repugnant, shameful and utterly irresponsible. Aside from running contrary to your mission and principle of creating 100 million jobs (aside from poverty intervention schemes), this policy is clear invitation to anarchy and damnation. Those promoting this idea should be treated as enemies of your government.

The implementation of this proposal will lead to the sacking of almost a quarter of the public sector workforce, the decapitation of that workforce through the retrenchment of its most experienced layer, and the intensification of poverty and misery among citizens.

Your Excellency, when one of the states (contiguous to FCT) against all wise counsel experimented with this policy (even though it keeps denying it), it reaped whirlwind. Today, it is effectively in the hands of bandits. It trite truth that mindless policies generate gigawatts of their own violence.

One of the hallmarks of popular democracy like ours is justice to all in equal measure regardless of ethnicity, religion, sex or class. Pursuant to this, if State Governors strongly believe that age 50 is the problem, we demand that all Governors, public office holders and politicians above 50, as a mark of good faith, should immediately step aside. Leading by example would spur public servants to take a cue.

Beyond this however, implementation of this policy in the public sector will give a cue to the private sector to follow suit, with all its attendant devastating consequences.

We consider heartless the recommendation that the planned 22% salary increase for workers be put on hold given the massive devaluation of the Naira leading to the pegging of the Naira at 675 to the dollar at the parallel market, inflation rate at 18%, increased energy and sundry tariffs, combustive commodity prices and prohibitive cost of living which have wiped out every vestige of the value of their salaries. At over N600 to a dollar, the minimum of N30,000 amounts to no more than for a family of four for 30 days.



The implication of this is all too clear to see already, with the rapidly rising crime wave, and the intensifying epidemic of insecurity.

While we commend you for your thoughtfulness for a wage increase, truth of the matter is that given the misfortune that has befallen the Nigerian populace, especially workers with fixed incomes, there is an urgent need for a massive intervention much deeper than the 22 per cent. We would recommend a 50 per cent salary review across the board given the realities on ground.

There are recommendations for the introduction of state sales taxes (flat rate of 10 per cent), increment of VAT levels to 10 per cent with a timeline to further raise it to 15–20 per cent and introduction of a flat rate of 3 per cent Federal Personal Income Tax on all Nigerians earning more than N30,000 and compulsory payment of FPIT by persons earning less than N30,000 per month whether employed or not including farmers and traders.

These recommendations seek to make the poor pay more taxes while the rich pay little or nothing in clear violation of the well-known norm of the rich paying taxes to cover up for the poor. It is a global norm and practice.

It has been an established fact that only workers religiously pay tax through the principle and practice of PAYE. Petty traders and farmers are over-taxed/multi-taxed along our highways at various checkpoints, and at the places where they ply their trade. We recall several protests connected to this practice which has killed not a few fledgling businesses.

In light of this, we find it repugnant that any reasonable person acting reasonably would still seek to impose more taxes, and consequently more hardships on this segment of society.

The rich should be the ones to be compelled to pay more taxes as obtained in other civilised societies and not what the Governors are canvassing for. Accordingly, we call for a raise in taxes across the board for the rich, including increased taxes on luxury goods and lifestyles.



We are at a loss as to what the Governors mean by "reduce personnel costs of FG MDAs". Mass retrenchment? Wage cuts? Wage freeze? Recruitment freeze or what?

Certainly, we will never be in support of waste in any form and personnel costs, in our view ought not constitute a waste given the fact that the greatest assets of any nation are its personnel for whom nothing is too big to be given. When this is realised in concurrence with the contemplations of the Directive Principles of the State in the 1999 Constitution (as amended), it will not be too difficult to see why personnel costs benefit the nation and the citizenry ahead of capital projects.

By far, the fastest way of reviving the economy is through building the capacity of its personnel because of its multi-plier effect. President Obama put this strategy to good use. President Obasanjo also did same when he reviewed upward the wages of workers across board in the early 2000s.

In our view, if any costs need taming, it's the profligate life style of governors, the excesses and ostentatious lifestyle of political office holders and the corruption they promote.

Governors are clawing and clutching at everything in sight in order to save their skin because the moment of truth (the moment of refund) is here.

We recall you had the presence of mind to give out huge bail-out and budget support funds to enable the Governors clear backlogs of salaries and pensions for which we workers remain grateful to you. You equally halted repayments during covid-19 pandemic. There could be no better demonstration of understanding and empathy by a leader but the Governors abused it all as few of them applied these funds to the purposes for which the funds were given. Give and take, not more than 20% of these funds were properly channelled. In the past, ICPC did a good job of tracking down how these funds were used which is partly responsible for the financial straits we have found ourselves in today. Accordingly, we would strongly urge you to direct ICPC and EFCC to track afresh and make public how the Governors diverted and misused these funds with a view to full recovery.



We have no quarrel with the Social Investment Programme (SIP) and National Poverty Reduction with Growth Strategy (NPRGS) budgets. Our concerns here are that the critical segments of the society across the entire country (and not some areas) should benefit and there should be a verifiable process of authenticating and evaluating this.

Extra-constitutional deductions from FAAC has no place in law and we stand with Governors on this demand except there is sufficient reason to think otherwise and which is yet to be made public.

The demand for a reduction in the SWV items for SDG and NASS constituency projects has both positive and negative side to it. In an ideal situation, a reduction would have been unnecessary. However, given the inherent abuses, perhaps, yes, even as our thoughts would be for closer monitoring and surveillance.

Duplications are inherently wasteful whenever or where ever they occur. This is not limited to empowerment programmes. However, in the case of empowerment programmes, duplications are easier to correct given their nature of conception and operation. We urge that these duplications be corrected wherever they are found, especially if such duplications confer benefits on the same sets of people.

We have commented on the implementation of the Orosanye Report. We find it necessary to reiterate our position here once again that any action or process or policy that will lead to the loss of jobs or incomes by workers will not only be inhumane and unconscionable, but shall be resisted by us. The practice across the globe, especially in the aftermath of Covid-19 is preservation of jobs, and the expansion of social protection and social security programs. That is the irreducible minimum. Most nations of the world are creating jobs for their citizens because mass loss of jobs comes with a big price. It is even truer in our milieu given our security situation. In light of this, we would advise against this recommendation.

Your Excellency, instead of embracing jobs termination which will compound the existing crises in our country, we should adopt the positives of retaining our best hands as a way of motivating the public service. The well thought-out policy of 8 years tenure for Directors and Permanent Secretaries contained in the Stephen Orosanye Report which was already being implemented by previous administrations should be re-instated by your government.



We find it appropriate to pay tribute to Mr President at this point in time who through out his seven years-plus refused to yield to pressure to mass lay-off of workers. He similarly pressured Governors not to retrench workers, giving incentives to state governments in the process.

If for seven years-plus, you resisted pressure to lay off workers, why now in the twilight of your administration?

We find ludicrous the recommendation for the expedited privatisation of non-performing assets because our privatisation story has been a sad and painful one that and hath no need of re-telling here. It has been replete with asset-stripping, incapacity (financial, operational and management) and total failure. At a time most Nigerians are calling for a reversal, especially in the power sector, it is ill-advised to privatise more entities.

There is traction in the argument for the reduction of fiscal deficit to no more than 2 per cent of the GDP in 2023-2025 and we naturally concur with it.

Foreign trips ordinarily serve their useful purposes but they have been abused by MDAs, especially budgetary-independent agencies such as the CBN, FIRS, NPA, MIMASA, NCC, NITDA and other blue-chips. This acts as a big drain on our resources. Accordingly, while we do not canvass for a total ban, there should be some control, a limit to foreign travels. The number should be pegged per year until we have a turn-around.

In our view, further taxing of phone calls and sms should be tied to a specific purpose. And given the broad base of this potential revenue, we would recommend that it be a minimal flat rate that can be easily absorbed by the users of this services. To what do we tie it?

We would recommend Education and Health sectors subject to transparent collection and deployment process.

Centralising the collection of all oil and non-oil taxes in one agency such as the FIRS while the Customs and NPA issue demands is a welcome recommendation for ease of collection and tracking. However, given the PIA, perhaps, more work needs to be done here first.



As costly as off-shore crude oil and gas exploration continue to be, they are manifestly safer compared to fore-shore productions subject to the full automation of their operations. We accordingly call for integrated revenue assurance solution in their operations as this will ensure accountability of crude and revenue.

We do concede that a quick and enforceable resolution of the conflicts around ownership of gas in various entities is key to freeing up investment space for foreign direct investment and local businesses in the country. Sadly, prolonged inter-agency fighting has become a familiar feature of your government. You would need to put your foot down pending the paper work.

Issues of vandalism of critical oil infrastructure off and fore-shore are real and have cost the nation a huge fortune. Security personnel deployed to these assets are of little help because it is a cabal that takes care of willing accomplices. Your Excellency, the nation is bleeding and has been brought down to its knees because of the nefarious activities of this cabal. It will take your will and single-mindedness of purpose to solve this problem.

The Dangote Refinery has come with great promise. Whatever it will take within the ambit of the law to ensure its early completion and reduce the massive future outflows of foreign exchange should be embraced by your government.

We endorse proposals for the recapitalization of Bank of Industry, Bank of Agriculture, Federal Mortgage Bank, and Development Bank of Nigeria, so they could perform their statutory functions. It is important they are given effective boards in order to provide leadership.

The allegations raised against the CBN should be investigated by independent bodies such as the EFCC or any other appropriate body.

Your Excellency, one of the reasons why the economy is performing below expectation is because TSA and IPPIS have been compromised negating your patriotic intentions. It will not take rocket science to track and identify those responsible for this dishonourable conduct that has plunged us all into this dark abyss. Accordingly, we call for severe sanctions that will send a clear message to all that the practice of popular democracy is not synonymous with violation of extant laws or promotion of corruption.



Closely-linked to this, is the cost of governance which comes in the twin form of unacceptable indulgences and celebration of greed to the detriment of the greater majority. This leads to the promotion of negative values with collateral consequences.

Your Excellency, we need not remind you that we have enough resources to go round everyone one of us but for the expensive life style, the insatiable greed and the mischief of a select few.

In light of this, we urge you to go forth and recover all the money cornered by the Governors and any other public office holder, to the last kobo irrespective of party affiliation, creed or sex. The reason why we Nigerians gave you the mandate to preside over the affairs of the country was because we believed in you, we believed you could fix the country. Today, do not yield to any blackmail even as the choice for you to make is a tough one. However, given your antecedent, it should not be too difficult as it is a choice between good and evil.

While you contemplate, we remain faithfully yours,



**Comrade Ayuba Wabba, mni
President**

