

MONETISATION OF FRINGE BENEFITS IN THE PUBLIC SERVICE: ISSUES OF POLICY IMPLEMENTATION, MONITORING AND STRATEGY

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Abstract

The main thrust of this paper is to consider and analyze issues that are useful for a successful implementation of the policy of monetization of fringe benefits in the Nigerian public service. The topic is a subject of current interest, not only to public servants who are directly affected by the policy pronouncements of the Federal Government, but to the generality of the Nigerian people who in one way or the other will be affected by the policy.

In order to address the various issues involved, the paper adopts an *a priori approach* of analyses. It observes that the problem of monetization is not in the policy but that of implementation. In conclusion, no matter how laudable the objectives of the policy of monetization may be, certain people will still view the policy with suspicion. Therefore, public servants should embrace the policy with an open mind to ensure its success. Government, on its own part should put in place the necessary infrastructure, including adequate budgetary provisions.

Introduction

Monetisation of Fringe Benefits in the Public Service is a subject of current interest, not only to public servants who are directly affected by the policy pronouncements of the Federal Government, but to the generality of the Nigerian people who in one way or the other will be affected by the policy. The subject can be considered as a hydra with tabular body and tentacles around its mouth. The extent of policy pronouncement on the issue of monetization and the level of sensitization readied by government, make it very difficult for the subject to fizzle out even after initial implementation, just like some other government policies that often die halfway in the path of implementation. It is a matter that government cannot gloss over. The sensitization exercise has affected the psyche of every worker in the federal public service, with those at the state and local government levels waiting to see how the policy of monetization will also affect them. In matters of this nature, these workers refuse to recognize the concept of a federation being preached by government. They argue that what is good for the goose is good for the gander.

However, the main thrust of this paper is to consider and proffer issues that will be very useful for a successful programme of implementation in order to achieve the objectives of the policy of monetization. In this paper, the rationale for the policy of monetization, the objectives of the policy of monetization, the issues of policy implementation, monitoring and strategy will be considered. The last sections of the paper contain the recommendations and conclusion.

The Rationale for the Policy of Monetisation

Against the backdrop of several political and socio-economic problems facing the economy, government decided to fashion out the objectives of the policy of monetization in a manner that could resolve some of the teething problems of the nation. Ekaitte (2003) observed that "Over the years, the cost of government has continued to escalate beyond imagination, arising mostly from the burden of providing basic amenities to the public servants. These amenities include residential accommodation, transport, medical services, utility services, fuelling and maintenance of vehicles. For example, in 1997, recurrent expenditure was N158.563 billion. In 1998, it rose to N178.097 billion. Between 1999 and 2001, the increases rose sharply to N447.67 billion (1999); N461.61 billion (2000) and N579.33 billion (2001). Capital expenditure on the other hand was N269.651 billion (1997); N309.015 billion (1998); N498.027 billion (1999); N239.45 billion (2000) and N438.7 billion (2001). While the percentage of the Recurrent over Total Expenditure was 36.56 per cent and 37.02 per cent in 1997 and 1998 respectively, it rose sharply to 65.84 per cent in 2000. The increases are attributed to the implementation of the new salary increases in year 2000. Government is convinced that to move the economy forward, monetization is the answer as it minimizes waste, misuse and abuse of

public facilities and enhances resources allocation”.

From the above, the entire concept of monetization is to cut costs in government spending. Democratic governance is an expensive type of governance. It is the government of the people, by the people and for the people. It is the government that listens to the yearnings and aspirations of the people that elected them through the ballot box. Therefore, it is not strange if government says that the cost of governance has continued to escalate and the burden of providing basic amenities for public officers has contributed significantly to the continuous increase in government recurrent expenditure, thereby leaving very little for capital development. Ogunleye (2003) observed that statistical data obtained from the office of the accountant-general of the federation showed an increase in recurrent expenditure from £4100.13 billion in 1997 to £4478.29 billion in 2002, It was assumed that the increase was due solely to the increases in the salaries of public servants during the period. However, the increase in the recurrent expenditure became more pronounced between 1999 and 2000 of democratic governance, 'flic re-emergence of the presidential system of government in May 1999 added to the burden of both recurrent and capital expenditure. Salaries and allowances of political office holders and their numerous aides have to be paid. Infrastructural facilities have to be provided for the additional political office holders and their appointees. These are issues associated with democratic governance. 'The outcry of government on such issues does not absolve it from providing the basic amenities and infrastructural facilities for its citizens.

The core issues that government is battling with and considers as problems of national concern are:

- The escalating cost of government.
- The burden of providing basic amenities for public officers.
- The ever rising increase in recurrent expenditure.
- The inadequacy of funds for capital development.

The issues encapsulated above are very important and are matters that should be handled and resolved by a responsible government that is interested in national growth and development. The present democratic government led by President Olusegun Obasanjo has since the assumption of political power in May, 1999 put in place certain policy measures to revamp the national economy. The policies include privatization, tax reforms, public service reforms, due process, trade reforms, local government reforms and procurement reforms. These reforms are being introduced to take Nigeria into the class of middle income earning nations and to increase its gross national products from the present level of \$300 to \$630 or \$700 bracket within the next 10 years (Faloseyi, 2003).

The Objectives of the Policy of Monetisation

According to the federal government, one of the ways it thinks of solving the problems of waste and misuse of public amenities in the possession of public officers is the introduction of the policy of monetization into the Federal Public Service. The objectives of the policy include the following:

- To encourage public servants to own personal houses, and to enable them plan for a more comfortable post-service life.
- To minimize waste, misuse and abuse of public facilities.
- The reduction of capital cost, maintenance and running cost.
- To reduce the rent burden on government as public servants make up over 80 per cent of the tenants, especially in Abuja.
- The promotion of the observance of maintenance culture and discipline in the use of public utilities since individuals will now have to pay for such services.
- The savings from monetization will enable government to prosecute more capital projects (Budget Circular, 2003 and SGF Circular, 2003).

The above objectives are quite laudable and they can be achieved if appropriate machinery of policy implementation, monitoring and strategy is put in place. The achievement of the desired results will be of immense benefit to government, public servants and society at large.

Issues of Policy Implementation

From the outset, there seems to be the problem of acceptability of the policy of monetization on the basis of its proposed implementation. The Editorial (2003) observed that the President (Chief) Olusegun Obasanjo had in his characteristic manner ordered the monetization of public servants' benefits with effect from July 1, 2003 without input from the National Assembly. He had even gone ahead to recommend the measures to state governments in violation of the concept of separation of powers. The Editorial also observed that the President did not provide figures regarding how much would be saved each year and when the savings would start to accrue to the public purse. "Like everything the President does, it is a measure compelled by good intentions but which, because of lack of consensus, might create more problems than it solves" (Editorial, 2003). Similarly, "attempts by the Senate to hide its dismay over the presidency's efforts to prosecute the monetization policy using the law makers as the guinea pigs gave way last week. The anger of the law makers at being deprived of over N800, 000 in housing allowance was displayed when Senator Udoma Udo Udoma brought in a motion for the Upper House to more or less investigate the monetization policy. Tried as he could, "Senate President Adolphus Wabara could not stop the senators from giving vent to their anger against the policy which greatly rubbed off on them" (Daniel, 2003).

It has often been argued that Nigeria does not lack laudable objectives. The problem with Nigeria is in the area of implementation of its programmes. There is skepticism that the implementation of the policy of monetization will not differ much from earlier policies that have failed in the process of implementation. In an interview with Okunroumu (2003), he expressed the view that if the country goes about monetization the way it goes about most government programmes, it will suffer serious set backs. In Nigeria, programmes are announced before planning commences. At the stage of pronouncement, Nigeria should know' how much the policy of monetization would cost. What would be its financial implication on the nation's budget annually for the next five years? Answers should be given as to how the policy would be sustained.

The main components of the policy of monetization include benefits, which were hitherto provided by government to entitled public officers at huge costs. Such benefits include residential accommodation, furniture, utility, domestic servants, motor vehicles, fuelling/maintenance of transport facilities, medical treatment, leave grant, meal subsidy and entertainment. The crucial components of the policy of monetization that require immediate implementation are:-

i. Residential Accommodation

- The highlights in relation to residential accommodation are as follows:-
- 100 per cent of annual basic salary to be paid enbloc annually to enable the officers to rent houses of their choice.
- During the first year of the monetization policy, the residential accommodation allowance of officers, which is 100 per cent of annual basic salary, will be converted to rent for the quarters they occupy.
- Government residential houses across the country will be sold by public auction at the end of the first year of monetization after proper valuation.
- Public officers occupying such houses will be given the first option to purchase the houses, but at the price of the highest bidder.
- To ensure that government properties are properly maintained during the one year transition period, all residents will pay 10 per cent of their basic salary as service charge into a Trust Fund to be managed by a Board of Trustees made up of representatives of residents, facility managers appointed to manage each estate/group of property and the federal government.

ii. Furniture Allowance

- The highlights in relation to furniture allowance are:-
- 300 per cent of annual basic salary to be paid once in every four years.
- The allowance will be paid annually at the rate of 74 per cent of annual basic salary.

iii. Motor Vehicle Loan and Transport

- The highlights in relation to motor vehicle loan and vehicle are:-
- Government will no longer provide chauffeur driven vehicles to entitled officers.
 - 350 per cent of annual basic salary will be granted as motor vehicle loan.

- Loan will be recovered within 6 years at 4 per cent of interest.

iv. **Use of Government Vehicles**

The highlights in relation to the use of government vehicles are:-

- No new vehicles will be purchased by any Ministry, Extra- Ministerial Department, Federal Government Agency or Parastatal.
- Each Ministry/Agency will be allowed a specific number of utility vehicles, including buses, for essential services.
- Where there is a need to purchase a new vehicle or vehicles by any Ministry, Extra- Ministerial Department, Agency or Parastatal, a request will be made to Mr. President for approval.
- A committee will be set up to work out details for the disposal of the vehicles.
- Service-wide staff buses will be pooled under the management of the office of the Civil Service of the Federation to convey staff to and from office at an approved rate.

v. **Fuelling/Maintenance and Transport Allowance**

- The highlights in 10 per cent of annual basic salary will be paid to public servants.
 - 30 percent of annual basic salary will be paid to political, public and judicial office holders as contained in the Act, 2002.
- relation to this sub-section are:-

vi. **Personal Assistant Allowance**

The highlight is:

- 25 per cent of basic salary will be paid to entitled officers as listed in the certain Political, Public and Judicial Office Holders (Salaries and Allowances, etc.) Act. 2002.

The above components of the policy of monetization require immediate implementation. In order to guard against its failure, government has to address and adequately tackle the following issues:

- Preparation of budget estimates and timely submission to the Budget Office.
- Budget consideration and approval by the National Assembly as item on national priority.
- Quick resolution of areas of disagreement between the legislators and the executive.
- Signing of the Appropriation Act at least three months before the commencement of the government financial year.
- Compliance with the guidelines of the Appropriation and Supplementary Appropriation Acts.
- Timely release of funds to the relevant Ministries, Agencies, etc to meet financial obligations.
- Favourable treatment of the monetized benefits within the tax structure.
- Monthly rendition of financial reports in a standardized and uniform format by all Ministries, Agencies, etc.

The success or otherwise of the implementation of the monetized benefits largely depends on the sufficiency of funds in the Appropriation Act. The first year of implementation of the policy of monetization could be considered as the year of financial resources experiment. In the subsequent years, the lessons learnt in the first year will be used to tackle emerging problems associated with implementation of the policy. It is important to note at this juncture that a lot of savings will result from the successful implementation of the policy in the Federal Public Service. These savings can be channeled to the provision of infrastructural facilities for the growth and development of the national economy.

Issues of Monitoring and Strategy

The issues of monitoring and strategy are a sine-qua-non for the successful implementation and sustenance of the policy of monetization. The issues of crucial importance are the composition of a Presidential Monitoring and Strategy Committee to collate, review and submit monthly progress report on the level of achievement or otherwise of the objectives of monetization. The Nigerian

economy is a volatile economy and is subject to various kinds of shocks. Therefore, any issue that requires effective monitoring and strategy should be broken down into phases of implementation.

On the short run, the implementation of the policy of monetization will have serious consequences on the economic, social and political lives of the country and its citizens. The work of the Presidential Monitoring and Strategy Committee will also include the determination of such consequences on the various facets of the economy. The short-term implementation of the policy of monetization has to be considered in relation to its consequences on the national budget, inflation, unemployment, productivity, political and social aspects. On the short run, government has to be very careful on how it goes about implementing the policy of monetization. There is no doubt about the bitter pills of monetization on the short run. Hence, it requires the assistance of such a committee to do the nitty gritty that will bring about the realization of the objectives of the policy of monetization.

In an interview with Odion (2003), he expressed the view that “Nigeria seems to be running a special brand of democracy, where the President is operating as though we were still in military regime. If I look back to the time we took off since 1999, I can count as many policies that have been initiated and just simply rubber-stamped by the National Assembly. Now, monetization has to do with national revenue that is expenditure. In other words, spending the money that belongs to the country. And I think that the appropriate body that should deliberate and be seen to be initiating it really, should be the representatives of the people”.

Abstracting from the above, reforms of this nature should be deliberated by the National Assembly. The National Assembly is the creation of the Nigerian Constitution. It is made up of elected Representatives of the Nigerian people through the ballot box. This is the Assembly where crucial national policies are subject to debate as to their advantages and disadvantages; desirability and undesirability; and ultimate approval or disapproval on the basis of its implications and consequences on the national economy. Therefore, the first port of education and enlightenment on the benefits of monetization is the National Assembly. If the law makers are well informed about the pros and cons of monetization, they will not kick against it but they will be in a better position to educate the people at the grassroots.

Adequate appropriations for the timely and regular payment of salaries and monetized benefits should be a matter of primary concern when considering issues of monitoring and strategy. Government has to consider the aspect of proper funding to meet the payment of salaries and monetized benefits. On the short run, the policy of monetization will increase the budgetary appropriations of government because of the colossal and immediate disbursement of salaries together with monetized benefits to public officers. The issue of irregular payment of salaries and allowances is not strange to public officers at the state and federal levels. Workers are owed arrears of salaries and allowances for several months, ranging from three to eight months. If these arrears are not cleared, how will the government be able to start and religiously adhere to timely and regular payment of salaries and monetized benefits to public officers? The best approach to handle this matter of monetization is the adoption of the strategy of phasing. Monitoring and strategy require the existence of sanctions and discipline for non-compliance with the policy of monetization. This should be applied consistently no matter whose ox is gored. The interest of the nation over-rides every individual interest.

Policies are not introduced for the mere sake of introduction. They are introduced for the overall benefit of the nation and its citizenry. In the application of sanctions and discipline, government should take into consideration the concept of federalism, and its deregulation policy. For instance, every state should determine what it could pay to its workers and so on. In an interview with Okunroumu (2003), he expressed the view, “We all know the bane of our policies is in the implementation, and the civil servant is ever ready to thwart any policy if it does not suit him. You can see that civil servants will get so many years allowances; they will still be living in government houses after collecting the three years’ salary. We all know they are the only ones who know where the government houses are, and you are going to depend on the same civil servants to implement the policy”. In order to overcome these fears, stiff sanctions and discipline should be meted out to any erring officer. This role should not be glossed over by the Presidential Monitoring and Strategy Committee when constituted. The aspect of sanctions and discipline is a fundamental aspect for the successful implementation of any policy including that of the policy of monetization.

Recommendations

The paper makes the following recommendations:

- I. The government should constitute a Presidential Monitoring and Strategy Committee to collate, evaluate, review and submit monthly progress report on the level of achievement or otherwise of the objectives of monetization.
- .2. I here should be continuous education and enlightenment on the benefits of monetisation to public officers and the entire citizens through workshops, seminars, conferences, print and electronic media.
3. Government should make adequate appropriations for the timely and regular payment of salaries and monetized benefits.
4. There should be sanctions and discipline for non-compliance to make for effective strategy and monitoring of the policy of monetisation. These sanctions and discipline should be applied consistently no matter whose ox is gored.

Conclusion

No matter how laudable the objectives of the policy of monetisation, people will still view the policy with suspicion. This is not uncommon with public policy. If people do not agree with the identified problem or the definition of the problem, the chances are that such people will not agree with the policies to tackle the problem. In the case of the policy of monetization, if it is successfully implemented, it will definitely minimize waste, misuse and abuse of public facilities since people will have to pay to use facilities that were hitherto provided by government to entitled officers. Public servants should, therefore, embrace the policy with an open mind to ensure its success for their future benefits, that of the nation, and the entire citizenry.

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