

Historical Perspective on Salary and Wage Reviews

It is interesting to note that the history of Nigeria's pay structure predates her political independence. In the process of evolving an enduring pay structure and incomes policy in the country, many Commissions have been set up.

Some of the major ones were:

1. The Hunt Commission (1934),
2. Bridges Committee of Enquiry (1941),
3. The Tudor Davis Commission (1945),
4. The Harragin Commission (1946),
5. The Miller Commission of 1947, the Gorsuch Commission (1955),
6. Newns Commission, the Elwood Grading Team (1956),
7. The Mbanefo Commission of 1959,
8. The Morgan Commission (1963),
9. The Adebo Commission (1970 - 1971),
10. Public Service Review Commission (Udoji Report) (1974), and
11. The Cookey Commission (1981).

Other Commissions were:

1. The Fatai Williams Committee (1990),
2. The Commission on the Review of Higher Education in Nigeria (Longe Commission),
3. The 1994 Review Panel on the Civil Service Reforms (Ayida Panel) (1994),
4. The Vision 2010 Committee Report (1997), and
5. The Committee on Harmonization of Remuneration in the Public Service (1998).

Pertinent features of some of the Commissions are provided below.

The Tudor Davis and Harragin Commission (1945 and 1946)

They primarily focused on the review of wages and general conditions of service. The Commissions made fundamental changes in the Public Service by establishing a "Senior Service" cadre. This led to the bifurcation of the Service into two rigid compartments: 'Junior' and 'Senior' Services.

The Miller Commission of 1947

The Commission recommended the application of the principle of payment based on geographical location of workers, especially the daily paid ones. It went further

to partition the country into six geographical zones with differentials in pay for workers. It categorized labour into three: general, special and semi-skilled. The recommendation (of geographically-based pay) was hinged on the notion that the cost of living was higher in Lagos and its immediate environs and so wages should be lower the farther a worker lived away from Lagos. The labour unions at that time protested against the implementation of the Commission's recommendation. They demanded some sort of uniform remuneration for the daily paid workers wherever they might be in the country. All this led to the setting up of a Minimum Wage Fact-finding Committee to resolve the ensuing crisis. Consequently, the regional governments in the East and West paid uniform rates while government, on the other hand, had to effect an across the board increase in staff salaries in 1949/50.

The Gorsuch Commission (1955)

The Commission examined the structure and remuneration of the Public Service. It observed some defects in the rigid division of the service into 'Senior' and 'Junior' and the absence of a viable middle category. It, therefore, recommended five main grades, from the lowest established post upwards.

The Morgan Commission (1964)/Elwood Grading Team

This was the first post-independence Commission in the country whose focus was basically on 'junior' workers in both the public and private sectors. The general strike of September 27, 1963 had precipitated the setting up of the Commission. The outcome of its Report metamorphosed into the Elwood Grading Team which investigated anomalies in the grading and other conditions relating to all posts in the Public Service of the Federation, with a view to determining an appropriate grading system and achieving uniformity in the salaries of officers performing identical duties. This was one of the earliest times when pay relativities was mentioned in the country. There was no other Commission in the 1960s except that there were restrictions on the agitations of trade unions for increases in wages. The restrictions were in the form of a Trade Dispute (Emergency Provisions) Decree of 1968, which provided for the freezing of wages and prices, among other provisions, perhaps to permit the unhindered prosecution of the civil war.

The Adebo Commission (1971)

It addressed some of the problems facing the public sector, particularly the envisaged shortage of senior civil servants on account of their abysmally low remuneration package. It was observed that the last time senior civil servants had enjoyed wage increases was in 1959, courtesy of the Mbanefo Commission (1959). The Adebo Salaries and Wages Review Commission recommended the setting up of a Public Service Review Commission to exhaustively examine several fundamental issues, such as the role of the Public Service Commission, the structure of the Civil Service, and its conditions of service and training arrangements. The acceptance of the recommendations of the Commission led to the setting up of the Udoji Public Service Review Commission.

The Public Service Review Commission (Udoji Commission Report 1972/74)

The Udoji Commission of 1974 focused on the larger issue of increasing efficiency and effectiveness in the Public Service in the context of meeting the challenges of a development-oriented society. The Commission recommended, among others, a

Unified Grading and Salary Structure (UGSS) which would embrace all posts in the Civil Service from the lowest to the highest (Grade Levels 01 - 17) and provide equal opportunities for officers to advance to the highest post in the Service, irrespective of their discipline, provided they had what it took to get there.

The Commission placed emphasis on broad relativities in grading and pay for all jobs. The Commission also recommended merit as the major yardstick for determining the promotability of officers in the Civil Service. The Commission recommended a coordinated salary structure that would be universally applicable to the Federal and State Civil Services, the Local Government Services, the Armed Forces, the Nigeria Police, the Judiciary, the Universities, the Teaching Services and Parastatals. It also recommended the need to ensure that all Public Service employees received equitable treatment on pay and benefits in such a way that no individual component of the public sector would be at a disadvantage in respect of the recruitment and retention of employees.

Besides, the Commission also adopted five guiding principles for Nigeria's Public Service Compensation Plan as follows:-

- **Principle 1:** There would be no discrimination on the grounds of ethnic origin, social class, or geographical location, or conditions in establishing rates of pay for work, the performance of which requires equal kinds of knowledge, difficulty, responsibility and effort under similar employment conditions;
- **Principle 2:** The achievement of pay and benefits comparability between the public and private sectors;
- **Principle 3:** A compensation system and appropriate organizational structures and schemes of service would provide for salary advancement by means of career progression, through the assumption of work of increasing difficulty and responsibility, with a continuing need for competency and efficiency;
- **Principle 4:** A compensation system would provide opportunity for salary advancement at all levels, based on the merit principle; and
- **Principle 5:** Salary structures and rates of compensation for senior management and senior supervisory positions would be adequate and reasonable in relation to those of subordinates in order to ensure the recruitment, retention and motivation of highly competent and qualified personnel.

The Commission recommended that the salary structure pay adequate attention to job content; provide for career progression; link public service pay and benefits to those provided for equivalent employed and pay levels in the private sector; and provide more equitable benefits and conditions of employment across the entire spectrum of public service employment. The annual salary of the highest paid civil servant was supposed to be N15,000 per annum, while that of the least paid civil servant was N1200 thereby resulting in a compression ratio of 12.5:1. One of the backlashes of the Udoji Commission was the official backdating and subsequent implementation of the recommended increases in wages and salaries (which ranged from 12 to 30 percent) and generated an inflationary spiral during the period.

Williams and Williams Commission 1975

It was set up to correct the anomalies in the Udoji Review.

The Presidential Commission on Salaries and Conditions of Service of University Staff (Cookey Commission) Report (1981)

This Commission was set up by Government following the agitation of university staff to opt out of the UGSS. After its deliberations, the Commission felt that the organization, structure, mission, and operational methods of the university system differed from those of the Civil Service and the Public Corporations and, therefore, needed to have conditions of service specifically tailored to meet their peculiar need. It, therefore, recommended that the harmonization of the Universities with the Civil Service should cease.

The Presidential Commission on Parastatals (Onosode Commission) Report (1981)

This Commission was set up as a result of agitation for higher salaries, more generous allowances and better conditions of service by employees of State-owned enterprises, statutory corporations, the Universities and the Central Bank, on the ground that the nature and complexity of their work differed enormously from those of civil servants. The Commission was mandated to examine the structure, management, and job content of all Parastatals and consider whether any of them should be removed from the UGSS. The Commission was also expected to recommend guidelines for fixing appropriate salary scales applicable to different public sector organizations.

The Commission recommended the following: that the Unified Grading and Salary System (UGSS) be separated and distinguished from the Unified Salary System (USS); that the 17-grade level structure continue to apply to the Public Service to the extent indicated in the classification of Parastatals in the Report; and that jobs in the different Parastatals be urgently re-evaluated in detail and on a regular basis to ensure that the right grade was maintained for each. The Commission's other recommendations included the following: After establishing the correct grades of its jobs, each organization with an "autonomous employer status" would determine the pay or price for the job, in accordance with the factors relevant to its operations; and that salaries within the UGSS be reviewed. Consequently, Parastatals were removed from the UGSS and granted a different categorization and higher salary scales.

Adamolekun Commission 1981

Focused on Federal Government owned tertiary educational institutions apart from the Universities i.e. Federal Polytechnics, Colleges of Technology, advanced Teachers and Technical Colleges.

The Justice A Fatai Williams Committee (1990)

This Commission was set up to look into the request of doctors to opt out of the UGSS because of the decline in their status, prestige and earning power. Consequently, the Committee looked into all matters relating to the remuneration of doctors. At the end of its assignment, the Committee recommended, amongst others, that a separate salary structure be created for the health and medical

services, similar to that created for the Universities, the steel workers airways and other “essential” jobs.

The Longe Commission Report (1991)

The Commission focused on some aspects of the problems of tertiary institutions, such as funding, salaries, conditions of service and curricular. On the issue of salaries, the Commission recommended a general salary increase of 30% to all staff of tertiary institutions within the Elongated University Salary Structure (EUSS). It also recommended various allowances to go with the salary increase.

The Allison Ayida Panel (1994)

This Review Panel on the Civil Service Reform was set up to, among others, identify the various factors that had led to low morale in the Civil Service and make recommendations to raise the morale of staff and give them a sense of security. The Panel observed that workers’ pay did not reflect the cost of living at all and that the gap between the public and private sectors’ pay package was as wide as 300 to 500 percent, in favour of the private sector. The Panel recommended that the total emoluments of civil servants be substantially reviewed upwards and adjusted annually to reflect the general price movement with a view to discouraging corruption.

The Report of the Vision 2010 Committee (1997)

The Committee undertook an in-depth study of the compensation package in the Civil Service and made far-reaching recommendations for improvement. The Committee observed that workers’ salaries did not reflect the cost of living in the country and that the Civil Servant’s salary package was far below that of its counterpart in the private sector. It, therefore, suggested a harmonized salary package for the public and private sectors if Nigeria was to realistically achieve the laudable goals of the Vision 2010 programme. Accordingly, the Committee recommended the following for the Public Service:

- Substantial upward review of wages and salaries, starting from 1998;
- A realistic minimum wage and an adequate reward system that could sustain an average worker and which would not be eroded by inflation at any time;
- A review of salaries and allowances every two years, based on a cost of living index to promote comparability of remuneration with the private sector;
- Payment of generous housing and allowances to enable civil servants rent adequate accommodation and reduce their incessant demand for living in Government quarters; and
- Providing assistance in the education of worker’s children by paying education allowances on a maximum of four children per family until they graduate from secondary school.

The Committee on Harmonization of Remuneration in the Public Service (1998)

The mandate of this Committee was to harmonize the proliferation of salary structures in the public sector, which had varying degrees of minimum and maximum entry points and wide disparities in allowances and fringe benefits among various establishments. It recommended the harmonization of public service salaries in order to promote industrial harmony and specifically recommended five (5) harmonized salary structure for the Service as follows:

1. *Harmonized Public Service Salary Structure (HAPSS)* for the civil service, non-commercial agencies/organizations already operating UGSS in any part of the Public Service, medical/dental/veterinary doctors in the civil service, judicial and non-judicial posts, staff of primary and federal secondary institutions;
2. *Harmonized Armed Forces Salary Structure (HAFSS)* for the Armed Forces;
3. *Harmonized Police and Para-military Salary Structure (HAPPSS)* for the Police, Customs, Immigration, Prisons, NDLEA and the Security Services;
4. *Harmonized Tertiary Institutions Salary Structure (HATISS)* for all staff of the federal universities, polytechnics, colleges of education, research institutes and institutions already operating the EUSS; medical doctors in teaching and specialist hospitals, federal medical centres and health agencies; and
5. *Harmonized Remuneration of Top Federal Public Office Holders for the Executives, the Legislative and the top judiciary arms of the Public Service.* Furthermore, the Committee recommend that:
 - All commercial parastatals be allowed to continue to operate their respective salary structures and continue to fund their personnel costs without recourse to government subventions, but with clearance from the National Salaries, Incomes and Wages Commission on subsequent reviews; and
 - All partially-commercialized parastatals receiving subventions from Government of more than 33.3% of their recurrent expenditure adopt the proposed *Harmonized Public Service Salary Structure (HAPSS)* and those receiving subvention of 33.3% or less keep their respective recurrent salary structure.

Finally, the Committee noted the need to establish a realistic minimum wage which would adequately address the cost of living issue as well as the basic needs of the least paid worker in the Public Service, bearing in mind the need to enhance workers' productivity and availability of resources.

In line with the foregoing recommendations, the (then) Head of State, General Abdulsalam Abubakar increased the salaries and allowances of civil servants in early 1999, although the allowances were later reduced due to its fiscal implications. The Obasanjo Administration had also affected substantial increases in the salaries and allowances of workers in the Public Service. The first increase was in 2000 and the latest is the Monetization Package whose implementation

started in July 2003 and ongoing across the Public Service. In spite of the increases, however, morale and productivity levels in the Public Service are still very low.

This underscores the need to determine the appropriate wage structure that would raise workers' motivation as well as ensure comparability with the private sector.

1999 - Committee on the Review of Academic and Professional Allowances for staff of Federal Universities, Polytechnics and Colleges of Education (Phillips Asiodu Committee)

1999 - Committee on the Review of Harmonised Salaries and Allowances in the Federal Service And the National Minimum Wage (Phillips Asiodu Committee)

2000 - Committee on the review of Professional Allowances for Doctors and other Health Professionals (Shehu Sule/Ason Bur Committee)

1999 -2001 - Revenue Mobilization, Allocation and Fiscal Commission (RMAFC) - reviewed the remuneration package of political office holders in the Executive, Legislature and Judiciary at the Federal, State and Local Government levels

2004-2006 - Salaries, Wages and Emolument Relativity Panel (Prof. E. C. Edozien) - reviewed the issue of relativities in the public sector and came up with recommendations on how to achieve near parity with the private sector

2005-2006 - Presidential Committee on the Consolidation of Emoluments in the Public Sector (Chief Shonekan)

Other Salaries Reviews

1988 - Salary Elongation (extension of the horizontal salary bands):
GL. 01-10 (from steps 1-7 to steps 1-15)
GL. 11-14 (from steps 1-4 to steps 1-10)
GL.15-17 (from steps 1-3 to steps 1-8)

1992 - The 45% increase on basic salary in the Public Service

1999 - Review of Allowances Payable to Chairmen/Board Members of Federal Parastatals (National Salaries, Incomes and Wages Commission)

2001 - Review of Salaries of the Staff of Federal Tertiary Institutions (22% increase)

2003 - The Sliding Scale Salary Increase in the Federal Public Service (12.5% - 4%) (National Salaries, Incomes and Wages Commission) Monetisation of Fringe Benefits in the Federal Public Service:

Oct. 2003: Main Stream Civil Service
Oct. 2003: Top Federal Public Office Holders (mainstream)

Oct. 2005: Federal Parastatals (funded From the Treasury)
Oct. 2005: Top Federal Public Office Holders (Parastatals) (National Salaries, Incomes and Wages Commission)