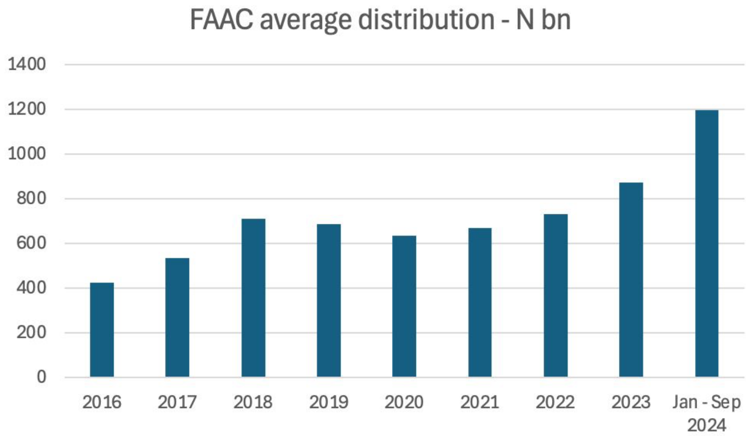
Governors have plenty of money they are just spending it on the wrong things!

All governors now have plenty of money to develop their states *and* to pay a decent salary to all the workers. Their oil money, for example, has increased massively in the last couple of years. The problem is that they are spending the state's money on the wrong things - that is when they are not just looting our wealth!



The two areas key areas where looting occurs are with capital contracts and during revenue collection. The ICPC recently confirmed that perhaps 70% of corruption occurs through capital contracting (to build roads, buildings etc). This is why so many governors spend half or more of their state budgets on capital spending. International experience suggests that capital spending should form no more than 15% - 20% of public sector total expenditure. So almost all states in Nigeria are spending far more than is advisable on capital projects - many of which never even get completed.

Revenue collection is the other high risk area for looting and leakages. This is particularly the case where agents are employed to collect state or local government taxes, fees or charges. For example, Tinubu's company Alpha Beta Consulting has been collecting Land Use Charges in Lagos State since before he stopped being the governor in 2007.

One easy analysis that trade unionists can do is to look at the proportion of their states spending that is devoted to each of salaries, overheads and capital. Although the percentages vary, states spend approximately the same amounts on overheads (running costs, electricity, fuel, paper etc) as they do on salaries and pensions. However on average they spend twice as much, 50% of total expenditure, on capital spending. This is far too much and there is little to show for this spending because much of it is just looted.

Ideally	Salaries	Overheads	Capital
Many states	Salaries	Overheads	Capital

A sensible state would spend approximately 40 per cent of its budget on overheads; 40 per cent on salaries; and perhaps the remaining 20 per cent of its budget on capital expenditure. If your state is not spending twice as much on salaries as it does on capital then something is wrong. Many states actually claim to spend more on capital contracts than they do paying their workers. This is crazy no wonder they claim they cannot afford decent salaries, they are looting most of the money!

Some states do in fact spend more on salaries than they do on capital spending. In 2023 Kano State, for example, spent almost twice as much on salaries as it did on capital spending. Similarly, in the same year, Plateau State also spent far more on salaries than capital spending. In contrast for example Rivers State spent three quarters of its budget on capital spending in 2023 and Gombe State spent 54% on capital contracts in 2023.

If your governor is claiming they do not have enough money to immediately implement the new minimum wage, then check how much they are devoting to capital spending. Ideally spending on salaries should be twice as much as capital spending. At the very least the amount devoted to paying salaries should be more than capital spending. These figures are now easily available from the quarterly Budget Performance Reports that most states now publish on their websites.