

**STATES MEMBERS' INCOME SUPPORT
AND EXPENSE ALLOWANCE (P.207/97):
AMENDMENTS**

**Lodged au Greffe on 31st March 1998
by Senator R.J. Shenton**



STATES OF JERSEY

STATES GREFFE

175

1998

P.58

Price code : B

AMENDMENTS OF STATES MEMBERS' INCOME SUPPORT
AND EXPENSE ALLOWANCE (P.207 of 1997)

1. *In paragraph 2 -*
 - (a) *for sub-paragraph (a) substitute the following -*
 - (a) with effect from 1st January 1997 -
 - (i) the maximum level of income support shall be increased from £14,500 to £24,000 a year; and
 - (ii) the allowable income from all other sources shall be increased from £6,250 to £8,000 a year;
 - (b) *delete sub-paragraph (c) and re-designate sub-paragraphs (d) and (e) accordingly.*
2. *In paragraph 3. delete clause (ii).*

SENATOR R.J. SHENTON

NOTE: The comments of the Finance and Economics Committee will follow.

REPORT

Introduction

These amendments represent the composite views of a number of States' members who attended a meeting of the States' Members Forum at which the House Committee's States Members Income Support and Expense Allowance proposals (P.207/97) were discussed. It was considered that it would aid better government if a number of the various amendments suggested were refined into one set of amendments so as to present an alternate package of proposals for States' members to consider rather than being proposed as individual amendments.

1. **Terms of reference**

The House Committee's proposition is based on the report of the States Members' Remuneration Board. The proposed amendments are also based on the report but with the emphasis being changed so as to give a primary importance to the States work required of States' members. One of the terms of reference for the Board was "to review how the principle that 'no-one should be precluded from serving as a member of the States by reason of insufficient income' can best be achieved bearing in mind that the States have decided that 'it may no longer be practical for some members to follow a traditional pattern of paid employment in addition to their States' work'".

2. **Contradictions in Board's report**

The Board's report concludes that being a States member is, or would be, a half-time job if the States organised themselves more effectively (5.17). On the basis of this the report recommends £16,000 as the appropriate maximum remuneration (5.22) as "we have concluded that the duties of membership was roughly a half-time role and we believe any financial arrangements should reflect this principle." This appears to go against agreed States' policy as set out in the House Committee's projet and report, P.135/91, which was approved by the States and established the basis of the present allowance system. It states in paragraph 4 of that report - "Members Income Support. All the reports to date

on this subject agree that the present scheme of the States' paying half the notional income considered reasonable has now been overtaken by the modern situation and that the States should provide a minimum amount that will not cause undue hardship if it is the sole source of funds''.

3. **Appropriate income allowance**

Using the Board's proposed £16,000 for a half-time role as a basis, following their logic would dictate that the appropriate remuneration for being a full-time States member should be £32,000. If it is accepted that it is not practical for some States members to have paid employment in addition to their States work then the £32,000 figure should be the starting point for working out any allowance system. The amendments achieve this by having an income supplement of up to £24,000 combined with an allowable income from other sources of £8,000, so still keeping the £32,000 overall figure, but dividing it to give a greater emphasis on the importance of States' work and accepting it may not be possible for many to earn up to £16,000 from half-time employment outside of the States.

4. **Total States member remuneration**

Taking into account the proposed changes to the expense allowances scheme and leaving aside the second tier itemised expenses of up to £5,000, the amendments would mean a States member could have a total income of States remuneration of £27,000 a year, £24,000 income supplement plus £3,000 basic expenses, compared with the current situation of an income of £22,500 a year, (£14,500 income supplement plus £8,000 basic expenses). Under the House Committee's proposals, some States members would be £3,500 a year worse off in future than they are now, being able to claim £19,000 a year, (£16,000 income supplement plus £3,000 non-itemised expenses).

5. **States members work**

The Board's report accepts a number of States members do devote the majority of their time to States' business (5.18) but add "It is however their choice and we do not think that the general principle of honorary service should be diluted to

accommodate that personal choice.” This again appears to go against agreed States’ policy and the Board’s own terms of reference (1.2(ii)) “that the States have decided that it may no longer be practical for some members to follow a traditional pattern of paid employment in addition to their States work.” Many States members would also argue that the level of their States’ work is such it cannot be accommodated in two and a half days a week, the half-time role suggested by the Board’s report. In fact, the Board themselves qualify their assertion of States’ work being a half-time role by adding “or it would be if the States organised themselves more effectively”. The Board’s report contains no recommendations as to how this organisation to alleviate the current workload could be carried out to appear to be accepting that being a States member is already for many - not by choice - more than a half-time role. The Board’s report makes no reference to what appears to be the generally accepted position of a considerable increase in the work asked of States members in recent years; more legislation being passed coupled with a greater expectation from the public in all aspects of government. Also, it seems difficult to see the logic behind the assertion in the Board’s report that the principle of honorary service would be diluted as, whatever level it is decided to fix income support, no-one is forced to apply for income support. It is also difficult to logically refer to a ‘general principle of honorary service’ in relation to States’ service when all States members, whether they have been claiming income support or not, have been accepting the current £8,000 ‘expenses’ allowance, without having to account as to whether this amount is spent on expenses or not.

6. **Social security contribution**

The amendments also seek to retain the existing position concerning social security contributions. The reimbursement of the employer’s component of social security contributions was introduced in recognition of two principal facts. First, that States members are not self-employed in any real sense, since they have no scope to increase their earnings by increasing their workload; and secondly, that the payment of a ‘self-employed’ contribution unfairly penalised these members who were dependent on income support. Neither of these two facts has been affected by other elements of the

House Committee's proposal. The proposed move to covering this element of expenditure out of the proposed 'second tier' of expenses is an unnecessary and unproductive bureaucratic change, the effect of which is to impose an arbitrary £1,000-a-year pay cut on those members who can least afford it.

7. **Register of States members remuneration**

The amendments also do away with the proposed register of individual States members' remuneration. The establishment of a register of the names of those members claiming an allowance is not questioned but the amendment seeks to remove the stipulation that it should contain details of the amount claimed by individual States members. To propose that individuals' private financial affairs be publicly aired in this way goes against accepted practice in almost every other area of States influence, where the principle of respecting the privacy of an individual's affairs is recognised.

8. **Equity**

The amendments seek to make standing for the States less of a financial sacrifice for those who do not have independent means or employment that lends itself to fitting in with States commitments.

A serious, some may argue, one of the most serious problems, facing the Island is ensuring its continuing good government. Concern has been expressed in recent years at not enough candidates putting themselves forward for election to the States, with not even all elections being contested.

There is a danger that if States remuneration is maintained at the level proposed by the House Committee this will get worse and that it will encourage only two main categories of candidates to put themselves forward in future; those candidates who have independent means and at the other end of the scale, those to whom the £16,000 a year income supplement seems a reasonable amount. This could lead to an increasingly divided States and a breakdown in the current system of consensus government with an increased

possibility of the development of political groupings or parties.

The amendments propose a remuneration level more likely to attract candidates from the middle ground willing to serve the Island. This should result in more choice for the electorate with, hopefully, more candidates of quality being prepared to put themselves forward for election.

9. **Other areas of concern**

Other areas of concern not addressed in the House Committee's proposition concern the lack of provision of a contributory pension scheme for States members (Guernsey has such a scheme based on length of years of service in the States) and of provision of any kind for States members who lose their seats. Many individuals may devote many years to the States yet no help is proposed to making a provision for them in their retirement. Others may find themselves suddenly out of the States after many years' service, again with no provision at all considered towards some system of easing the considerable financial burdens this can sometimes involve.

10. **Conclusion**

The suggested amendments propose a reasonable, but in no way excessive, income 'package' for States members. It would allow those without independent means to claim reasonable recompense for the work they do on the Island's behalf. The amendments are based on the figures produced by the States Members' Remuneration Board but adjusted to recognise that for some being a States member is more than a half-time role. States members should not be penalised for treating States' work as their main source of employment.