

STATES OF JERSEY



STATES MEMBERS' REMUNERATION: INCREASES FOR 2004 – RESCINDMENT (P.11/2004) – COMMENTS

**Presented to the States on 30th March 2004
by the Privileges and Procedures Committee**

STATES GREFFE

COMMENTS

The comments of the Privileges and Procedures Committee below apply to both Deputy Le Main's proposition to rescind the 2003 increase in members' remuneration and to Senator Le Maistre's amendment to that proposition which seeks to restrict the increase to 2.5% only.

The Committee believes it is important to recall that on 25th November 2003 members agreed to a new remuneration scheme for elected members of the States (with Deputy Le Main and Senator Le Maistre voting in favour) and they also agreed detailed terms of reference for an independent Remuneration Review Body. This is in accordance with the best principles of corporate governance and will mean that, although members will retain the right to amend the recommendations, the appropriate level of remuneration will be recommended by an independent Body. Members are reminded that the terms of reference for this body include –

- (a) *to make recommendations to the Privileges and Procedures Committee on the appropriate level of remuneration to be paid to elected members of the States, following the holding of public hearings and the receipt of oral and written submissions from any persons, including members of the States, having taken account of any other matters that the Body considers to be relevant, and having taken particular account, but not being bound by, the following matters –*
 - (i) *the principle that the level of remuneration available to elected members should be sufficient to ensure that no person should be precluded from serving as a member of the States by reason of insufficient income and that all elected members should be able to enjoy a reasonable standard of living, so that the broadest spectrum of persons are able to serve as members of the Assembly;*
 - (ii) *the economic situation prevailing in Jersey at the time of determination and the budgetary restraints on the States of Jersey; and*
 - (iii) *the States' inflation target, if any, for the period under review.*
- (b) *to agree that the Review Body should –*
 - (i) *no later than 31st August 2004 make recommendations on the appropriate level of remuneration for the year 2005;*
 - (ii) *no later than 31st August 2005 make recommendations for the 3 year period 2006 to 2008, and*
 - (iii) *thereafter make recommendations for each 3 year period at least 6 months before the date of every ordinary elections for Deputies;*

The Committee has advertised for membership of the Body and will shortly be lodging a proposition asking the States to appoint the Chairman and 3 members. The Body will then be tasked with hearing and collating evidence and making recommendations on the appropriate level of remuneration for elected members for 2005 and beyond.

The Committee does not believe that yet another debate on the subject of members' remuneration in advance of the deliberations of the Review Body is appropriate or in the interests of good government. In addition, both the proposition and the amendment would require members to repay sums already paid to them and the Committee believes this is extremely unfair on members who may have made financial commitments in good faith based on the 2004 levels agreed last November. In any normal employment situation it would be unthinkable for an employer to withdraw an increase several months into a new pay year.

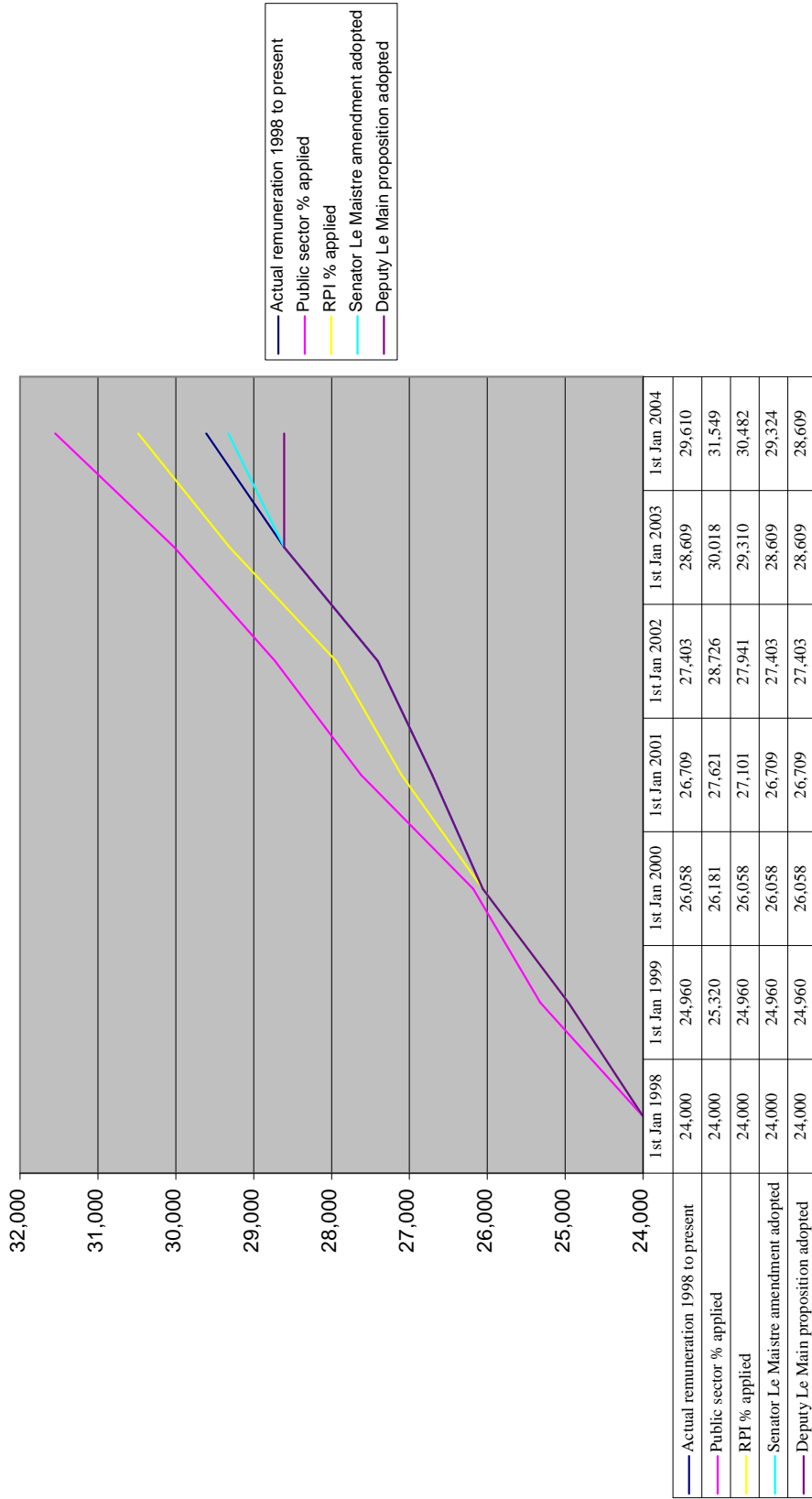
The Committee also believes that the financial statistics set out by Deputy Le Main need to be considered alongside the pattern of increases in remuneration in recent years. The attached graph shows how increases in members' remuneration (excluding expenses allowance) have consistently been less than both RPI and awards

made to public sector employees^[1] since 1998 when the revised system of income support was put in place and the 'base' figure of £24,000 from 1st January 1998 agreed following the adoption of an amendment of Senator R.J. Shenton. The expenses allowance part of the allowance (currently £10,014 per annum) has nearly kept pace with inflation as, with the exception of 2001, (when it was only increased by 2.5%) it has been increased by RPI each year since 1998 when it was fixed at £8,000. If it had increased every year by RPI it would now be £10,161.

The Committee believes very firmly in the principle that no person should be precluded from standing for election because of financial hardship and it would be unacceptable for members to fall yet further behind the prevailing inflation rate in the Island. In real terms members' remuneration has already fallen consistently since 1998 and it has been accepted on many occasions that the work of a States member can no longer be considered as a part-time position.

The Committee urges members to reject both the proposition of Deputy Le Main and the amendment of Senator Le Maistre.

Comparison of members' remuneration



[1] Based on the average public sector increase at 1st June in the preceding year.