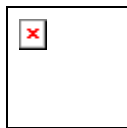


STATES MEMBERS INCOME SUPPORT AND EXPENSE ALLOWANCE: ANNUAL INCREASES

**Lodged au Greffe on 8th May 2001
by the House Committee**



STATES OF JERSEY

STATES GREFFE

180

2001

P.74

Price code: B

PROPOSITION

THE STATES are asked to decide whether they are of opinion -

- (a) to agree to suspend Standing Order No. 44(1);
- (b) to agree that for paragraph 3 of their Act dated 14th July 1998, as amended by Acts dated 8th December 1998 and 6th June 2000, with regard to the provision of an expense allowance and a minimum income for elected members of the States there should be substituted the following paragraph -

“3. The amounts of income support, allowable income and expense allowance shall be increased with effect from 1st January 2001 and on 1st January each year thereafter by 2.5 per cent.”.

HOUSE COMMITTEE

Note: The Finance and Economics Committee supports this proposition.

REPORT

The House Committee as previously constituted presented to the States on 30th December 1997, a Report on States' Members Income Support and Expense Allowance (R.C.42/97) which had been prepared by an independent States Members' Remuneration Board, set up by the States on 14th May 1996.

The States by Act dated 14th July 1998, adopted a proposition of the House Committee (P.207/97), as amended by P.58/98, P.71/98, and P.72/98 (revised) with regard to the provision of an expense allowance and a minimum income for elected members of the States. On the same day they also approved an Act (R & O 9275), paragraph 3 of which provided that the amounts of income support, allowable income and expense allowance should be increased with effect from 1st January each year on the following terms -

- (i) income support and allowable income - in accordance with the index applied annually by the Employment and Social Security Committee to the States Old Age Pension;
- (ii) expenses allowance - in accordance with the Retail Price Index figure at the end of each year.

The Act was deemed to have come into force on 1st day of January 1998.

On 8th December 1998, the States adopted, by 32 votes to 9 votes, a proposition of Deputy M.F. Dubras of St. Lawrence (P.235/98), which was supported by the House Committee, and amended their Act of 14th July 1998 (R & O 9340) as follows -

In clause 1 of paragraph 3 of the Act dated 14th July 1998 with regard to the provision of an expense allowance and a minimum income for elected members of the States for the words -

“in accordance with the index applied annually by the Employment and Social Security Committee to the States Old Age Pension”,

there shall be substituted the words -

“in accordance with the Retail Price Index figure as at the end of each year.”.

The amended Act came into force on 1st January 1999.

Deputy R.G. Le Hérisier of St. Saviour then lodged “au Greffe” a report and proposition on 18th April 2000 (P.57/2000) seeking agreement in principle that the amounts of income support and allowable income and expenses allowance should no longer be increased annually in accordance with the Retail Price Index figure, and should, in future, be varied in accordance with the binding recommendations of an independent panel consisting of a Chairman and two other persons, not being members of the States, established for the purpose. The proposition was not supported by the House Committee as it believed that it was inappropriate to seek to change a system which had been in operation only since 1st January 1998. The proposition was withdrawn by Deputy Le Hérisier on 13th March 2001.

On 6th June 2000 the States adopted a proposition of the Finance and Economics Committee (P.75/2000), as amended by Deputy A.S. Crowcroft of St. Helier, and agreed by 28 votes to 22 votes that paragraph 3 of the Act should be substituted by the following paragraph -

“3. The amounts of income support, allowable income and expenses allowance shall be increased with effect from 1st January 2001 by 2.5 per cent.”.

Subsequently on 12th and 13th September 2000, the States adopted a proposition of the Finance and Economics Committee, (P.125/2000), as amended by (P.131/2000) (P.146/2000), (P.147/2000) and (P.153/2000) concerning the anti-inflation strategy and, *inter alia*, adopted an inflation target of 2.5 per cent based on the RPI (X) measure of inflation.

At the present time there is no provision to increase the States members' income support and expense allowance after the end of 2001. The rates from 1st January 2001, with the 2.5 per cent increase are-

	£
Expense allowance and allowable income	8,903
Minimum income support	26,709

If the rates had been increased, as proposed in December 1998, by the retail price index as at December 2000 (four per cent), the rates for 2001 would have been -

	£
Expense allowance and allowable income	9,033
Minimum income support	27,100

The 2001 rates with the proposed increase of 2.5 per cent from 1st January 2002, will be-

	£
Expense allowance and allowable income	9,126
Minimum income support	27,377

The Committee believes that in the interest of corporate government and with the aim of achieving an inflation target of 2.5 per cent, the above Act should be amended to reflect States policy for future years.

Financial and manpower statement

The Committee, in accordance with Standing Order 18A of the States of Jersey, is of the opinion that the financial implications of its proposition will not exceed the aim approved by the States in September 2000, and does not believe that it has any implications for the manpower resources of the States.