

STATES OF JERSEY



STATES MEMBERS' REMUNERATION: RECONSIDERATION OF 2011 INCREASE AND REPEAL OF ARTICLE 44 OF THE STATES OF JERSEY LAW 2005

Lodged au Greffe on 27th September 2010
by Senator B.E. Shenton

STATES GREFFE

PROPOSITION

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

- (a) to request the Privileges and Procedures Committee to request the States Members' Remuneration Review Body to review its recommendation for an £800 increase in remuneration for elected members from 1st January 2011 as set out in R.93/2010 in light of current and projected economic circumstances;
- (b) to agree that Article 44 of the States of Jersey Law 2005, which currently prevents the payment of different amounts of remuneration or allowances to different elected members, should be repealed and to agree that, following its repeal, the States Members' Remuneration Review Body should be requested to bring forward a scheme of differential remuneration for elected members for 2012 and beyond, taking account of factors such as the positions of official responsibility held by elected members ensuring that there is nevertheless no overall increase (other than any normal annual inflationary increase) in the total budget for States members' remuneration;
- (c) to request the Privileges and Procedures Committee to bring forward for approval the necessary amendment to the States of Jersey Law 2005 to give effect to the decision to repeal Article 44.

SENATOR B.E. SHENTON

REPORT

Note: It has been confirmed to me by the Greffier of the States, following discussions with the Bailiff, that there is no requirement to suspend Standing Orders to debate this proposition.

The following is an extract from the BBC Comedy 'The Office' starring Ricky Gervais. Its main character was David Brent and the extract is from the last episode of the first series. It is redundancies judgement day and David is told by Head Office that he will be promoted if he sacrifices the branch. True to his innate sense of self-preservation and greed, David leaps at the chance for betterment.

Brent-ism of the episode

"There's good news and bad news. The bad news is Neil will be taking over both branches and some of you will lose your jobs..."

"On a more positive note the good news is I've been promoted – so every cloud... you're still thinking about the bad news aren't you?"

For some reason this episode came to mind when States Members refused to lift Standing Orders during the Business Plan debate in order that States Members' pay could be debated. Now I realise in the minds of many that there was a valid explanation for this – a Remuneration Body had been established to keep these decisions at arm's length.

My original amendment to the Annual Business Plan was in order that the States Assembly could send out a clear political message that we are all this together – and that every member of the public will have to understand that unless action is taken to reduce costs, higher taxation will be inevitable. The gesture was **100% a political decision** and based on the decision to cut expenditure over the coming period. The States Members' Remuneration Review Body (SMRRB) cannot recommend political gestures as it is outside their remit.

A manager of a large organisation in difficult times will gain the respect of the staff if he shows empathy with their predicament. If he believes that this respect and co-operation can be achieved whilst feathering his own nest, his days will surely be numbered.

The real recession in terms of tax receipts will hit us in 2011 and 2012. I predict that 2010 will not produce the anticipated income due to the global crisis. The spending cuts and taxation rises will be deep, and the population expects their representatives to share their pain.

By refusing to suspend Standing Orders, Members isolated themselves from a political gesture that would have not only fostered greater unity with the public, but also shown that they understand their leadership responsibilities. Regardless of the overall outcome, I'm sure that a number of Members will either forgo the increase or donate the sum to charities of their choice on a monthly basis.

In relation to differential pay, there is actually a statutory restriction on this found in Article 44 of the States of Jersey Law 2005, inserted following an amendment from former Senator Stuart Syvret. That prevents any payment of differential pay other than in relation to pensions (the pensions part was inserted quite recently) –

44 Remuneration of elected members¹

- (1) No scheme, agreement or other arrangement whatsoever for the remuneration of, or the payment of any allowance to, elected members out of the consolidated fund shall provide for different elected members to be entitled to receive different amounts of remuneration or allowance.
- (2) In paragraph (1), “remuneration” does not include payments out of the consolidated fund –
 - (a) into a superannuation fund or pension scheme, for the benefit of an elected member;
 - (b) to an elected member, as an allowance in respect of his or her contributions to a superannuation fund or pension scheme for his or her benefit.

The States will have to agree to repeal Article 44 before any differential remuneration scheme can be introduced, and I have referred to that in paragraph (b). The SMRRB has made it clear in the past that it is not willing to spend time looking at differential pay until Article 44 is repealed – understandably they do not think it would be worthwhile to spend their time developing proposals for differential pay while there is a statutory restriction on implementing them – if the States agree to repeal Article 44 and thereby give a clear signal that they accept the principle of differential pay, then the SMRRB would, I am sure, be willing to develop a scheme.

Under the present system, there are distinct levels of responsibilities and workload in respect of the positions of, for example –

- The Chief Minister
- Ministers
- Connétables
- Chairmen and Presidents
- Assistant Ministers.

I make no comment on the structure and leave this to the SMRRB for consultation, formulation and recommendation. Obviously, I am heartened by the faith that many Members have voiced in the abilities of the SMRRB over recent days. It is wrong to limit the powers of the SMRRB in such a draconian way. The abilities and work ethics of individuals are not equal, nor is their level of responsibility after they are elected. Many Parliaments have pay differentials to reflect the work undertaken.

The decision to introduce a flat structure was not originally made by Privileges and Procedures – it was an amendment by an independent member that was discussed fully by the States Assembly. Any decision to remove the flat structure should therefore be debated in a similar manner. I mentioned to Senator Ozouf last week that I was

¹ The new Article 44 was introduced by L.13/2009 (*States of Jersey (Amendment No. 5) Law 2009*) with effect from 3rd April 2009.

planning to lodge this proposition, and I note from his subsequent comments in the media that he is in agreement with the proposal. A change of this magnitude should not be left to the views of a few PPC or SMRRB members. The restriction was put in place by the States Assembly following a proposition from an individual member – not on the recommendation of the PPC – and it should be removed in a similar manner.

In terms of cost, the budget cake would remain the same. However, how it is sliced may be altered by the SMRRB. There are no financial implications in respect of this part of the amendment.

Financial and manpower implications

There are no financial or manpower implications as a direct result of this proposition.