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# STATES OF JERSEY



## STATES MEMBERS' REMUNERATION REVIEW BODY: RECOMMENDATIONS FOR 2012

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Presented to the States on 9th August 2011  
by the Privileges and Procedures Committee

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STATES GREFFE

## **FOREWORD**

The Privileges and Procedures Committee is pleased to present to the States the recommendations of the States Members Remuneration Review Body (SMRRB) for 2012. The terms of reference of the SMRRB require it to present its recommendations to PPC and the Committee is then obliged to present the recommendations to the States.

In accordance with the procedures agreed by the States when establishing the independent SMRRB, the recommendations of the Review Body in this report will be implemented by default after one month of the date of presentation to the States unless they are challenged by the lodging of a proposition by any member and a subsequent debate.

PPC would like to express its sincere gratitude to the members of the SMRRB for the work that they continue to do on an honorary basis on their task and for the very comprehensive way in which they have approached it again this year. PPC is particularly grateful that the Review Body has presented its recommendations for 2012 well in advance of the elections in October so that candidates will be aware of the proposed level of remuneration and expenses for 2012 before they are nominated.

## STATES MEMBERS' REMUNERATION REVIEW BODY

### Recommendations for 2012

#### Summary

1. We recommend that in 2012 there is no increase in States members' remuneration (currently **£41,182**). We shall consider the position for 2013 in good time during 2012.
2. We recommend, however, that for 2012 there should be an increase of **£350** in the expenses allowance that may be claimed by States members towards their costs of Office, from £3,650 to **£4,000**. (This allowance has been unchanged since 2004.)
3. We recommend also that the forthcoming Electoral Commission should be enabled through its terms of reference to consider any matter relating to States members' remuneration and conditions of service, including our own terms of reference and arrangements for setting remuneration.

#### Background

4. The Review Body's terms of reference are annexed to this report for ease of reference. In making its recommendations the Review Body is required to consult both with States members themselves and the general public. It is otherwise enabled to take account of any matters it considers to be relevant. The Review Body must take into particular account (but not be bound by) the principles –
  - first, that no-one should be precluded from serving as a States member by reason of insufficient income;
  - secondly, that elected States members should be able to enjoy a reasonable standard of living; and
  - thirdly, the prevailing economic and budgetary situation.

The Review Body does not consider the remuneration of non-elected members of the States.

5. For the period of the present States Assembly (from December 2008 to November 2011), in **2008** the Review Body recommended an interim

increase in remuneration of **£1,000** with effect from 1st January 2009. In 2009, following public consultation, it confirmed this increase while recommending **no** increase for 2010. In 2010 it recommended an increase of **£800** with effect from 1st January 2011.

6. Thus over the 3 year period, States members' remuneration moved from £39,382 at the end of 2008 to £41,182 in 2011, an increase of 4.6% over 3 years. During this time there was **no** adjustment to the expenses allowance of £3,650 which had been set at that level in **2004**.
7. States members' pay is not pensionable. Although States members are classed as self-employed, by concession they are effectively treated as employed for Social Security purposes, because those members who pay self-employed contributions are entitled to receive a refund of a sum equivalent to the amount that an employer would pay in respect of an employee earning the same amount as a States member.

#### **Recommendations for 2012: Remuneration**

8. In May 2011, we began to consider our recommendations for the period of the next States Assembly, due to be elected later this year. Consultation with States members and with the public was undertaken. We indicated our intention of making our recommendations in good time before the election due in October next, so that all those standing for election or re-election would be fully aware of the position obtaining were they to be elected.
9. We received 17 responses from among the 53 elected States members. In response to an advertisement in the newspaper and other publicity we received 11 responses from members of the public. We note that this latter number was small and, while these responses were not unimportant to us, they might be considered of limited validity as a substantive expression of public opinion.
10. The main gist of almost all the responses, from both groups, was that an increase in remuneration was not warranted at the present time. This argument was, in the main, based upon the view that the general situation on pay in Jersey was very tough and that it would be inappropriate for States members to be in any guise a contrary exemplar. There was also an undercurrent of opinion that States members were already sufficiently well-paid. No-one offered the opinion that an increase in remuneration was desirable or justified.
11. A few States members who indicated to us whole reliance upon their States remuneration did to a degree suggest that their incomes were

not high in relation to the living expenses they incurred, but we were unable to draw the conclusion from such sentiments, rather tentatively expressed, that the standard of living of any States members fell short of being reasonable.

12. We then looked carefully at other relevant evidence:

- the challenging economic and fiscal situation in Jersey. We noted in particular the recent conclusion of the Fiscal Policy Panel that “on current forecasts and policies, the financial situation remains extremely tight”;
- the position on public sector pay. Here we noted especially the recent review of terms and conditions in the public service that has led to the commitment in the Annual Business Plan 2012 published on 18th July to find savings of £14 million from salaries and benefits in 2012 and 2013. Although there is no explicit link between States members’ remuneration and public sector pay generally, we judged it appropriate to have regard to this factor; and
- the recent trend of inflation in Jersey. The annual rate of inflation in the year to June was 4.5%, a substantial increase from the rate of 3.1% in the year to March 2011. In ordinary circumstances such a rate of inflation might usually provide some considerable justification for an increase in remuneration in order to aim to preserve its real value. On balance, however, we concluded that the other economic and fiscal considerations we have noted in this paragraph, and the sense that we have that the private sector’s movement on pay appears limited (on the basis of the most recent information available) outweighed this as far as our recommendation on pay for 2012 was concerned. Inflation is, though, a key factor bearing on any pay policy decision and, having regard in particular to our ‘reasonable standard of living’ term of reference, we shall naturally take it into very careful account when we turn next year to our recommendations for 2013.

13. Initially we had been minded to make recommendations covering both 2012 and 2013. But we realised that the uncertainties evidenced by considerations such as those in the previous paragraph made this unrealistic. So we have made a recommendation only for 2012 and we shall reconvene in summer next year to weigh all factors relevant then to the position for 2013 and perhaps 2014.

14. In the light of all the evidence, representations and considerations that we have taken into account, we therefore recommend that there is **no** increase in States members' basic remuneration (excluding expenses) for 2012. It would thus remain at **£41,382**.

### **Recommendations for 2012: Expenses**

15. States members serve the community as self-employed individuals and inevitably incur office and other reasonable expenses in doing so. The first Review Body recommended an annual expenses allowance of £3,650 for the 3 year period beginning 1st January 2004 and the rate has not changed since. It should be noted that the Comptroller of Taxes has always been willing to regard this amount as an allowance against tax without the need for evidence of actual expenses to be produced (as would need to be done for any claim beyond this amount).
16. We received evidence from States members who responded to our consultation that, not surprisingly, their expenses of Office had increased in line with prices in the economy generally. Equally, however, we noted that situations no doubt vary among members according to their responsibilities and approach to their representative duties. On balance we considered that that a small upwards adjustment in the expenses allowance was justified. Accordingly we recommend an increase of **£350** taking the allowance to **£4,000**, an annual increase of less than 2% over a period where annual average inflation was 3.5% (States Statistics Department). The Comptroller of Taxes confirmed to us that he would be content to continue present practice in allowing this amount as a relief without the need for detailed evidence of actual expenses.

### **Other Matters**

17. We noted with interest that a number of thoughtful responses, both from members of the public and States members themselves, raised the issue of 'pay' differentials between members according to their responsibilities (and perhaps, too, their length of service). This issue had also been raised in response to our discussion document in 2009. At present any differentiation is not permitted by the States of Jersey Law 2005. We have previously offered the view, based on the comments received in response to our several forms of consultation, that consideration of differential pay for States members, for example to reflect extra responsibilities as a Minister or committee/panel chairman, might be appropriate from a 'pay policy' perspective, although we recognize that the States Assembly has voted on several occasions not to change the present statutory restriction.

18. In similar vein we are conscious that the individual positions of States members vary significantly, from those well-placed financially or perhaps already in receipt of a pension, to those for whom their membership of the States is their sole source of family income (and which, moreover, is not pensionable).
19. In relation to pensions, the SMRRB remains committed in principle to its previous recommendation (see R.62/2009) that the matched-contributions pension scheme as there outlined should be introduced for the reasons stated, but it understands that no budget will be available to fund the development or installation of such a scheme in 2012 and it regretfully recommends that accordingly the introduction of such scheme should be postponed again.
20. We recommend that the States should ensure that the terms of reference of the forthcoming Electoral Commission encompass remuneration and conditions for States members in a broad sense, including the arrangements, currently through us as the Review Body, for setting remuneration and related expenses and the law that bears upon it. If this is agreed we would intend to submit considered evidence to the Commission on all these points so that they can receive the fullest possible airing and analysis.

### **Thanks**

21. The Review Body wishes to thank the Greffier of the States, Michael de la Haye, for his own substantial help and that of his Department in supporting the activities of the Review Body.

### **SMRRB Terms of Reference**

The terms of reference of the Review Body are as follows –

To make recommendations to the Privileges and Procedures Committee on any matters relating to the remuneration, allowances and benefits available to elected members of the States as it considers appropriate, 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.

### **Membership of the SMRRB**

Mr. Julian Rogers (Chairman)  
Mr. Brian Bullock  
Mr. Maurice Dubras  
Mr. John Mills CBE

## Respondents

The SMRRB is grateful to the following States members and members of the public who responded to the Review Body's request for submissions made in May 2011.

Responses from States members:

Connétable John Refault of St. Peter  
Deputy Phil Rondel of St. John  
Deputy Ben Fox of St. Helier  
Deputy Paul Le Claire of St. Helier  
Deputy Anne Pryke of Trinity  
Connétable Dan Murphy of Grouville  
Deputy Roy Le Hérissier of St. Saviour  
Deputy Jackie Hilton of St. Helier  
Deputy Angela Jeune of St. Brelade  
Connétable John Le S. Gallichan of Trinity  
Deputy Judy Martin of St. Helier  
Connétable Graeme Butcher of St. John  
Deputy Anne Dupré of St. Clement  
Senator Ian Le Marquand  
Deputy Eddie Noel of St. Lawrence  
Deputy John Le Fondré of St. Lawrence  
Connétable Peter Hanning of St. Saviour

Responses from members of the public:

Mr. Stephen Bougourd  
Mr. Frank Brady  
Ms. Irene Person  
Mr. John Henwood  
Mrs. Barbara Perchard  
Dr. Robert Kisch  
Mr. Pierre Horsfall CBE  
Mr. Colin Campbell  
Mr. Andrew Barette  
Mr. Brian Curtis  
Mr. Alan Wright