

# **STATES MEMBERS REMUNERATION 2015 to 2018**



**DISCUSSION DOCUMENT  
ISSUED BY THE  
STATES MEMBERS REMUNERATION REVIEW BODY**

**June 2014**



## **Membership**

The membership of the States Members Remuneration Review Body (SMRRB) is as follows –

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

The members serve in an honorary capacity.

## **Foreword**

We are issuing this discussion document to stimulate comment and debate, and to obtain the views of citizens (as well as States members themselves), before we consider our recommendations on the level of remuneration and allowances that should be available to all elected members of the States for the period 2015 to 2018 inclusive. This time period corresponds with the 3½-year term of office for members who will be appointed in the October 2014 election.

The discussion document sets out the current levels of remuneration and the progression of the same over recent years, and notes that all members currently receive the same level of remuneration, irrespective of their roles, and that they have no publicly-funded pension provision.

We are keen to receive comments from respondents on how they view the work and responsibility level of States members, both intrinsically and when compared with other groups or individuals in Jersey, and how, therefore, this should best be reflected in and by the remuneration they receive. We also outline for comparison the position of elected members in certain other countries.

We are keen to engender good debate on this and look forward to receiving plenty of responses so that our deliberations and recommendations can have appropriate regard to public opinion to the extent that it emerges from the consultation.

Our timetable is aimed at producing our recommendations in early September and we therefore request responses by Monday 14th July 2014.

## **Public meeting**

A public meeting will be held at **St. Paul's Centre, St. Helier, at 6 p.m. on Wednesday 25th June 2014** to consider issues raised in this consultation.

## **How to respond**

The main questions on which we should welcome responses are listed on page 9. Please respond by **Monday 14th July 2014**.

Responses may be sent -

- by e-mail to [smrrb@gov.je](mailto:smrrb@gov.je)
- by post, to States Members Remuneration Review Body, c/o States Greffe, Morier House, St Helier, Jersey, JE1 1DD
- or online on the States website: [www.gov.je/consultations](http://www.gov.je/consultations).

We propose to list and acknowledge all those who respond to this discussion document unless respondents specifically request otherwise. We will nevertheless treat the content of all submissions in confidence but may wish to quote extracts, without attribution, in the summary document which we shall be publishing at the end of the consultation period along with our recommendations. We will not take into account anonymous submissions.

## **Introduction**

1. The purpose of this discussion document is to stimulate public debate and obtain people's views about the basis for the remuneration that should be received by Senators, Connétables and Deputies in their capacity as members of the States of Jersey, and the appropriate level of that remuneration for the next period.
2. The States Members Remuneration Review Body (SMRRB) was established by the States in 2004 as an independent body charged with advising on this subject. Its reports are presented to the States through the Privileges and Procedures Committee. Its recommendations on the actual level of remuneration are implemented automatically one month after they have been published, unless a States member has called for debate upon them. They would then be subject to the outcome of any such debate. Under its terms of reference the Review Body may consider any related matter germane to its remit. It must, though, have particular regard to (but not be bound by) a range of factors in developing its recommendations; these can be found in our terms of reference on page 10. We are also obliged to consult widely in preparing our recommendations.
3. This consultation document is being issued at the start of our review to facilitate consideration of the various issues and we hope that, as a result, we will receive a good number and range of views from persons and organisations in the Island. We also look forward to receiving the views and ideas of members of the States of Jersey themselves.

## **Current remuneration levels**

4. States members are currently entitled to receive remuneration of £46,600 per annum, £4,000 of which is regarded as an expenses allowance and not subject to income tax or Social Security contributions. Should a member wish to claim more than this amount for expenses, a claim must be made to the tax office in respect of all expenses incurred. Members are also able to access free parking in St. Helier when on States business and they can receive an additional taxable allowance of £600 per annum for the provision of a computer and broadband connection during their term of office. The levels of remuneration paid to members since 2005 are set out in Annex 2.
5. The non-elected members of the States, namely the Bailiff, the Lieutenant-Governor, the Dean and the two Law Officers, are remunerated according to their offices and consideration of their remuneration is not within our terms of reference which relate only to elected members. References in this document to States members should therefore be taken to refer to elected members only.

## **Equality of treatment**

6. All States members currently receive the same remuneration regardless of their role, level of responsibility or seniority, a rule that has been in place since means-testing for members' remuneration was abolished from 1 January 2004. (Before that date the amounts a member could claim were dependent on the amount of

her or his income from other sources.) This is stated in Article 44 of the States of Jersey Law 2005, in the following terms: “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”. Senator P.F.C. Ozouf recently proposed the repeal of Article 44. The proposition was narrowly rejected by the States on 20th May 2014 by 23 votes to 20 (P.33/2014(Amd)(8) refers).

### **Legal status of States members**

7. The ‘employment’ position of an elected member needs to be illuminated. Under Jersey’s social security legislation members are classified as “self-employed” even though the payroll arrangements in place for them through the States Treasury mirror those normally applicable to employees. Through a special concession agreed some years ago by the Social Security Department, members are entitled to receive reimbursement of a sum equivalent to the “employer’s” element of “self-employed” Social Security contributions and this sum, together with a sum equivalent to the “employee’s” share (which is deducted from their monthly pay), is paid directly to the Social Security Department on their behalf. Nevertheless, despite the fact that they are on a monthly payroll system with social security payments made, members are office-holders, do not ‘work’ for the States and are not “employees” in law. The provisions of the Employment Law do not apply to them but on ceasing to hold office they are entitled to receive (from taxpayers’ funds) a payment akin to a redundancy payment of £3,550.

### **Pension arrangements**

8. There is currently no publicly or privately-funded pension scheme for States members as a group. Until 2008 it was not possible for a pension scheme to be established for members, had such been recommended by us, due to the ‘equality of treatment’ rule noted above. An amendment to Article 44, however, was approved in October 2008 which means that it is possible for pension arrangements to be established upon our recommendation.
9. In 2009 we recommended that a relatively modest ‘match-funded’ pension arrangement should be put in place for those elected members of the States who might wish to avail themselves of such an arrangement<sup>1</sup>. We remain committed in principle to our recommendation that a contributory pension scheme should be introduced. The world of pensions has perhaps moved on somewhat in the last number of years, notably regarding the conversion of accumulated pension funds into annuities, and our 2009 proposals may need some review accordingly if we decided to re-present them. For instant purposes the matter remains in play and we look forward to receiving views on the subject.

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<sup>1</sup> [R.62/2009: “States Members Remuneration Review Body: Recommendations for 2009-2011: Part 2 - pensions, severance and differentiation”](#).

### Comparing members' pay with other sectors and in relation to statistical indices

10. While our terms of reference do not refer in a specific manner to the desirability of our making external comparisons, perhaps with the aim of seeking to ensure that States members' pay "keeps pace" with pay increases elsewhere in the economy, it seems reasonable and good practice that any review body such as ourselves would not omit to have regard to such comparisons and we do.
11. We have, however, never recommended that members pay should be automatically linked to an index such as Average Earnings or the Retail Prices Index. One basic problem with this would be deciding from where one would start. Nevertheless, as with external comparisons it would be remiss of us not to take note of relevant indices before making our recommendations and we intend to continue so doing. Notwithstanding, we would be interested to receive views on this. A summary of some of the available indices is given in Annex 3.

### The Review Body's Intended Approach

12. We recognize that seeking to establish the appropriate level of remuneration for States members is an art not a science and that the matter continues to be of some political sensitivity. Aiming to get it as 'right' as possible is, though, clearly important not only for those to be remunerated but also for the well-being of Jersey's polity.
13. When we consider the comments that will be submitted to us we shall certainly be interested in considered views of respondents on how the work of a States member may be compared with other forms of economic activity in the Island, and by views on whether, following on from this or intrinsically, current remuneration for States members is too high, too low or about right. We would be particularly interested in views on whether any particular categories or groups of employed persons might be used as appropriate benchmarks for our decision-making.
14. We are required by our terms of reference to have particular regard to (but not to be bound by) the prevailing economic and fiscal situation. We shall no doubt receive a range of views on the significance or otherwise of this factor. We may also want to be informed (but certainly not bound) by comparisons with other places having equivalent legislatures in not dissimilar jurisdictions or in islands. Purely for illustration, details are given at Annex 4 of the positions obtaining in Guernsey and the Isle of Man together with some other places with which comparison may be appropriate.

### Differential pay

15. The States Assembly did not support the recent proposal to remove the current restriction in the States of Jersey Law 2005 which prevents the introduction of differential pay for States members. That does not mean to say it may not remain a good idea. So we remain interested in views on the subject, notably about whether there is or could be a case for some extra pay for members appointed to

positions of measurable responsibility such as Chief Minister or Minister<sup>2</sup>. We appreciate that this is at present ruled out by the 'equal treatment' provisions of the States of Jersey Law but our starting point is to continue to consider that the matter warrants continuing consideration as part of seeking to attain a modern and sustainable pay structure for the States for the decades ahead.

### **Allowances**

16. We start from the position that there are inevitably some expenses involved in undertaking the role of an elected member, in, for example, the maintenance of a home office, the purchase of stationery, telephone bills or travel in a backbench capacity. At present States members receive £4,000 of their remuneration free of tax, paid as part of a member's salary, in order to meet this requirement. Because it is 'tax-free' it is equivalent to an extra £5,000 of salary taxed at 20%. And because it is regarded as an allowance it does not attract social security contributions, thus 'saving' States members a further £300.
17. Members are also, from this year, able to claim up to £600 per annum towards the cost of information services, to include the cost of their broadband provision and the device that they use to carry out their States work. This is, however, taxable. States members had previously been entitled to be loaned a States-owned laptop computer and provided free of charge with a 2Mb broadband connection. We observe with a degree of disapprobation that this change was made by the Privileges and Procedures Committee without reference to the Review Body. Nonetheless, we shall consider how the change should be reflected in members' total remuneration from 2015.
18. It is evident that States members have a variety of costs associated with their work. In some respects they are perhaps akin to small 'one-man' businesses. Some members, for example Ministers and Connétables, possibly have some degree of institutional support for their work while others may not. It could therefore perhaps be argued that it would be fairer, and more in keeping with the times, were the allowance, or some of it, to cease to be paid automatically and become subject to claim, either via the States administration or, as with businesses generally, with the Taxes Office. One possible approach, for example, might be to reduce the allowance to £2,000 net, with any further, proper expenses incurred wholly in pursuit of the business of being a States member, becoming subject to claim. Other variants on the same or a similar theme might be more appropriate. It might, perhaps, be better to incorporate it, or a given proportion of it, wholly within taxable salary with elected members seeking relief for expenses properly incurred in the course of undertaking States business through their annual tax returns.
19. Whether the current rate of the tax-free element in States members' remuneration is appropriate is a matter on which we should welcome views.

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<sup>2</sup> In September 2012 we wrote to both the Electoral Commission and the Machinery of Government Sub-Committee concerning this matter.

### Summary of Main Questions for Discussion

- a. Do you consider, having regard to the information in this report and all other factors you think may be relevant, that States members' remuneration is too high, too low or about right? If not 'about right' is there a level of pay, looking ahead over the next several years, that you consider would be about right?

- b. Do you think that there are other role(s) in the Island's economy that could be regarded as comparable with that of a States member?

- c. Should States members continue to receive an element of their remuneration free of tax to cover expenses?

- d. Is there a case for differentiating among States members for remuneration purposes on the basis, for example, of role and differing levels of responsibility?

- e. Is there a case for the introduction of some form of pension provision for States members who would wish to participate?

- f. Are there any other relevant matters about the pay and conditions of States members you think are relevant and important and which the Review Body would benefit from being informed about?

**SMRRB MEMBERSHIP AND TERMS OF REFERENCE**

The terms of reference of the Review Body were revised in 2012 (see P.44/2012) and are as follows –

1. The Review Body will make recommendations to the States, through the Privileges and Procedures Committee, on any matters relating to the remuneration and expenses of elected members as it considers appropriate.
2. The Review Body shall take any steps it considers necessary to gauge public opinion on the matters within its purview. Equally the Review Body shall seek the opinions of members of the States from time to time as it considers appropriate.
3. In forming its recommendations the Review Body will take account of any matters that it considers to be relevant and will have particular regard to, but not be bound by, the following matters –
  - (i) the principles that the level of remuneration available to elected members should be sufficient to ensure that no person is 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 and fiscal situation prevailing in Jersey, any budgetary restraints on the States of Jersey and the States' inflation target, if any, for the period under review.

**Membership**

4. The Review Body shall consist of 5 members<sup>3</sup>, none of whom shall be a member of the States.
5. The members shall be appointed for a period of 5 years and shall be eligible for re-appointment for one additional 5 year term.
6. The members shall be appointed by the Privileges and Procedures Committee following requisite consultation with the Jersey Appointments Commission. Before making any appointments the Committee shall nevertheless be required to present a report to the States setting out the names of the proposed appointees and the appointments shall not be confirmed by the Committee until at least 15 days after the presentation of this report.

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<sup>3</sup> The vacancy was advertised on 5th and 6th July 2012, but no applications were received.

7. The Review Body shall appoint one of its members as Chairman.
8. The quorum of the Review Body is 3.

**Recommendations**

9. The Review Body shall report its recommendations to the Privileges and Procedures Committee which shall present them to the States forthwith.
10. The Review Body's recommendations on the actual level of remuneration and expenses payable to elected members shall be implemented automatically unless a proposition seeking a debate on the recommendations is lodged 'au Greffe' within one month of the date of presentation.
11. The Review Body may make recommendations on other matters within its terms of reference to the Privileges and Procedures Committee but any such recommendations shall not be implemented until they have been agreed by the States.

## STATES MEMBERS' REMUNERATION SINCE 1st JANUARY 2005

Year	Remuneration	Expense allowance	Total available <sup>4</sup>
2005	£36,568	£3,650	£40,218
2006	£37,486	£3,650	£41,136
2007	£38,422	£3,650	£42,072
2008	£39,382	£3,650	£43,032
2009	£40,382	£3,650	£44,032
2010	£40,382	£3,650	£44,032
2011	£41,182	£3,650	£44,832
2012	£41,182	£4,000	£45,182
2013	£42,000	£4,000	£46,000
2014	£42,600	£4,000	£46,600

## CONSUMER PRICE AND EARNINGS INDICES PUBLISHED BY THE STATES OF JERSEY STATISTICS UNIT

Index	Latest figure issued	Period covered by latest figure
Retail Prices Index (RPI)	1.7%	12 months to March 2014
RPI(X) (RPI excluding mortgage interest payments)	1.9%	12 months to March 2014
RPI(Y) (RPI excluding mortgage interest payments and indirect taxes e.g. GST and impôts duties)	1.8%	12 months to March 2014
RPI Pensioners	1.8%	12 months to March 2014
RPI Low Income (lowest quintile)	2.0%	12 months to March 2014
Average earnings index	2.2%	12 months to June 2013

The next retail prices indices and average earnings index will be published in June and August 2014 respectively.

<sup>4</sup> Not all members chose to receive the whole amount.

## ANNEX 4

### REMUNERATION OF ELECTED MEMBERS IN OTHER JURISDICTIONS

#### Guernsey

The States of Guernsey has 45 elected members (plus 2 Alderney representatives) for a population of approximately 62,732. Remuneration is available as follows:

	Basic remuneration	**Uplift for Social Security	Total
Chief Minister	£56,000	£2,520	£58,520
Deputy Chief Minister	£44,450	£2,000	£46,450
Ministers	£42,450	£1,900	£44,350
Chairmen*	£35,950	£1,620	£44,350
Deputy Ministers and Vice-Chairmen	£33,060	£1,490	£37,550
All other members	£30,770	£1,385	£32,155

\* Standing committees only – not special States committees  
\*\* The uplift for Social Security (i.e. the difference between the contribution rates of employed and self-employed persons) is not payable to Members aged 65 and over

Allowances are available as follows:

	Allowance
Chief Minister	£3,000
All other members	£2,000

The States Members Pension Fund closed on 30th April 2012.

#### Isle of Man

Tynwald has 35 members for a population of some 84,497. Elected members receive a basic allowance of £38,771 plus non-taxable expenses of £6,575. These sums are supplemented by payments made on the basis of official responsibilities held. The Chief Minister receives an additional £31,016 per annum, Ministers an additional £19,385 and a member of the Treasury an additional £15,508. A member of any other Department receives an additional £11,631. There are also additional allowances relating to the chairmanship of certain bodies. A pension scheme is in place.

#### Gibraltar

The Gibraltar Parliament has 17 members (plus the Speaker) for a population of some 28,000. All members receive remuneration of £31,921. The Chief Minister receives an additional £87,246, Ministers an additional £59,322 and the Leader of the Opposition an additional £21,810. A pension scheme is in place.

#### UK - House of Commons

The basic salary of an MP is £66,396 together with allowances to cover, for example, staff costs, travel expenses and the cost of running an office. The Prime Minister

receives an additional £79,104, a Cabinet Minister an additional £68,169 and the Chairman of a Select Committee £14,728. There is a final salary pension scheme to which MPs can choose to contribute at accrual rates of 1/40th, 1/50th or 1/60th of their salary.

### **UK - Scottish Parliament**

The basic salary of an MSP is £58,678 together with similar allowances to MPs. The First Minister receives an additional £85,002 and Ministers £27,622. There are no additional payments for Committee Conveners (Chairmen). A pension scheme is in place.

### **UK - National Assembly for Wales**

The basic salary of an Assembly Member is £53,852 plus allowances. The First Minister receives an additional £80,870, a Minister £41,949 and Subject/Scrutiny Committee Chair £12,420. A pension scheme is in place.

### **Other jurisdictions**

The following table gives a summary of the remuneration in some other jurisdictions that could be seen as comparative to Jersey, either because of the size of the population, geographical area or the number of elected members. Foreign currency rates have been converted to £ sterling at 4th June 2014 rates.

	<b>Approx. Population</b>	<b>No. of members</b>	<b>Basic salary for members</b>	<b>Cabinet Minister's salary</b>	<b>Pension scheme?</b>
Australia – Capital Territory	382,863	17	£73,601	Basic + £51,511	Yes
Australia – Tasmania (House of Assembly)	512,000	25	£65,653	Basic + £48,005	Yes
Bermuda (House of Assembly)	65,500	36	£33,484	Basic + £60,272	Yes
Canada – NW Territories	43,641	19	£55,687	Basic + £29,805	Yes
Canada – Prince Edward Island	145,855	27	£37,137	Basic + £25,951	Yes
Canada – Yukon	33,897	19	£40,276	Basic + £21,687	Yes
Cayman Islands	59,200	15	£51,015	Basic + £31,629	Yes

## Previous SMRRB Reports

Since its establishment in 2004 the SMRRB has issued 9 Reports. These can be accessed under 'Reports' on the States Assembly website [www.statesassembly.gov.je](http://www.statesassembly.gov.je) or obtained from the States Assembly Information Centre in Morier House, Halkett Place, St Helier, Jersey, JE1 1DD (tel (01534) 441020).

The titles and reference numbers of the Reports are as follows –

- 1) States Members Remuneration Review Body - recommendations for 2005 (R.C.52/2004)
- 2) States Members Remuneration Review Body - recommendations for 2006 – 2008 (R.C.71/2005)
- 3) States Members' Remuneration - recommendations for 2009 (R.119/2008)
- 4) States Members' Remuneration Review Body: recommendations for 2009-2011 – Part 1, level of remuneration and expenses (R.61/2009)
- 5) States Members' Remuneration Review Body: recommendations for 2009-2011 – Part 2, pensions, severance and differentiation (R.62/2009)
- 6) States Members' Remuneration Review Body: recommendations for 2011 (R.93/2010)
- 7) States Members' Remuneration Review Body: recommendations for 2012 (R.105/2011)
- 8) States Members' Remuneration Review Body: recommendations for 2013 (R.132/2012)
- 9) States Members' Remuneration Review Body: recommendations for 2014 (R.125/2013).