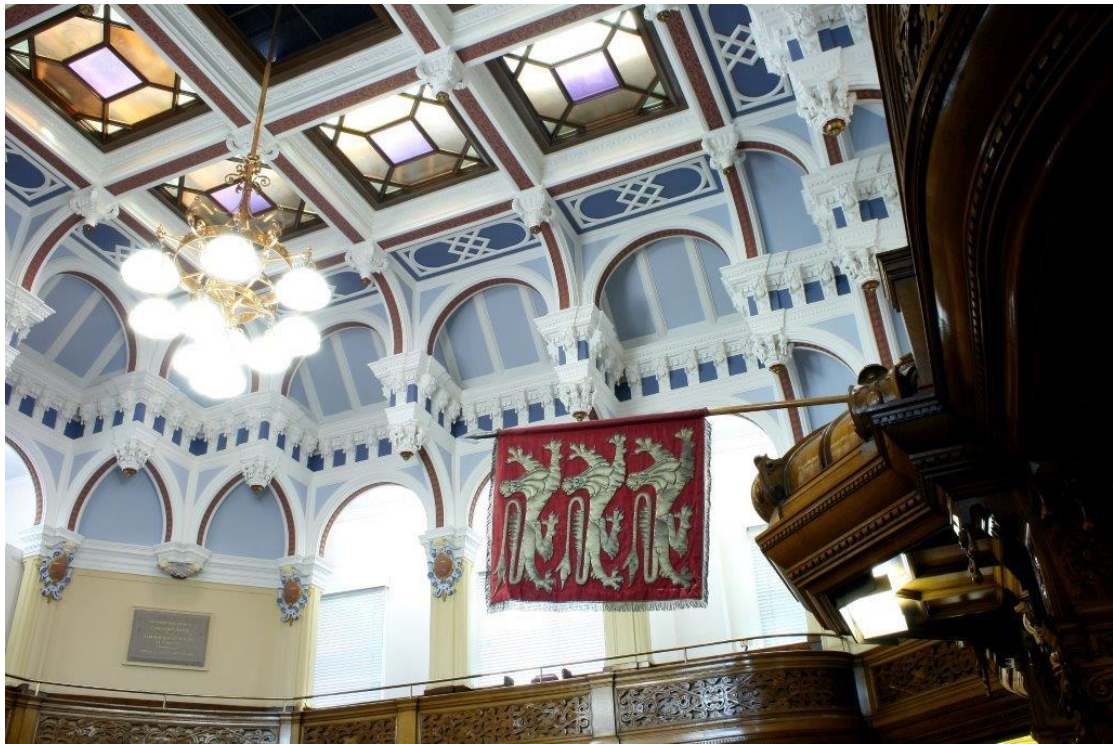


STATES MEMBERS REMUNERATION November 2014 to May 2018



**SUMMARY OF RESPONSES
ISSUED BY THE
STATES MEMBERS REMUNERATION REVIEW BODY**

August 2014

Foreword

The States Members Remuneration Review Body (SMRRB) was established by the States in 2004 to make independent recommendations on the subject of remuneration for elected members of the States. The SMRRB is currently considering its recommendations on the level of remuneration that should be available to all elected members of the States for the period of the new States to be elected in October 2014, namely the period from November 2014 to May 2018 inclusive.

The SMRRB issued a discussion document in June 2014 setting out background information on the current levels of remuneration and seeking comments on these issues. The consultation period on that document ended on 14th July 2014 and this second document gives a summary of the responses received. The Review Body also held a public meeting on 25th June 2014 and a summary of the discussions at that meeting is included in this document.

What happens next?

The SMRRB intends to present a report to the Privileges and Procedures Committee by 26th August 2014 setting out its recommendations on the level of remuneration for elected members for the life of the next States Assembly which will be constituted after the elections to be held in October.

In the meantime, in arriving at its recommendations, the SMRRB will consider the content of this document together with the complete source information on which it is based. Further, the Review Body will study related information available to it including the most up-to-date earnings and cost of living reports from the Statistics Unit as well as other public and private sector data sources.

Introduction

The Terms of Reference of the States Members Remuneration Review Body require the Review Body to *“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.”* The Review Body has undertaken a number of consultation exercises since it was first established in 2004.

Before issuing recommendations on the level of remuneration for the lifetime of the next States Assembly, which will be elected in October 2014, the Review Body decided that it was appropriate to launch a further public consultation exercise. It is nevertheless important to stress that, although the Review Body has always found the responses to its consultations to be extremely useful, the views expressed by the public and by States members are merely one factor that the Review Body will consider alongside many other factors when formulating its final recommendations.

In addition to seeking responses by letter and e-mail the Review Body established, for the first time, an online questionnaire which was the most popular method used for replies. The overall number of responses was limited, with only 39 members of the public responding, but the Review Body was nevertheless pleased to note the careful thought that many people had put into their replies. It was somewhat surprising that only a small number of States members responded to the questionnaire with only 9 out of the 51 elected members taking time to respond.

It is inevitable that asking the public for views on the remuneration of States members will lead to some extreme comments and some of those who responded to the consultation stated that the current level of remuneration was simply *‘too high’*. One more extreme view received was that *“They should not be paid at all, the worst thing they did was to start paying them”*. The Review Body is nevertheless grateful to all who responded and the responses received have already assisted the Review Body as it begins to formulate its recommendations that will be published shortly.

Summary of Responses to Questions in the Discussion Document

- a) Do you consider, having regard to the information in the report issued by the States Members Remuneration Review Body, 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?

Opinion on this question was split although more respondents thought that the current levels of remuneration were 'too low' or 'about right' than those who thought they were 'too high'. Some of those who thought that remuneration was too high commented as follows -

"The current pay is too high. The remuneration offered should be no more than the current minimum wage, plus reimbursement of expenses against receipts for allowable items."

"I consider that the amount of remuneration for most of the members is significantly too high and would suggest at least a 33% reduction. This would achieve two things, it would give them more equal parity to the majority of wage earners in the Island and thus some appreciation of the financial constraints that most of us "normal" people have to endure."

"Of course it's too high especially when people are struggling. Should lead by example."

Approximately a third of respondents were satisfied that the current levels were about right.

Very few respondents believed that remuneration was too low for all members but many of the answers to this question nevertheless made a link to question (d) below by stating that, although the remuneration levels might be too high for some members, they were too low for those in positions of responsibility.

"Generally it is too high. Those with more responsibility should be paid more ie the amount now paid, and the rest should get about £25,000 per annum."

The basic remuneration is about right, but it needs to be enhanced by Ministerial pay (responsibility allowances, if you like) and a proper pension scheme. It is ridiculous to have professional politicians and then not to remunerate them in the same way as their counterpart civil servants are paid

"Pay should be awarded based on the job they do, not a set amount for all politicians, Ministers and Assistant Ministers should receive more than others."

“Too high for some but too low for others.”

“If, and it’s a big if, all Members continue to receive equal pay across the board, then I think the level is about right. However, I find it difficult to be content with the fact that some Members work day and night while others do very little at all.....all for equal reward.”

As in previous consultation processes the Review Body received a suggestion that the only fair way to remunerate members was to make a link with the person’s average earnings in the previous 3 years (up to a maximum of £100,000) so that no-one’s earnings increased or decreased unduly by standing for election.

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?

The Review Body has asked a similar question during previous consultation exercises and been somewhat disappointed with the lack of responses. It was pleasing therefore that a number of useful suggestions were made on this occasion about roles that could be comparable with that of a States member. Although some of the comparable roles suggested would attract similar remuneration to the current level paid to States members it is of note that a number of responses made comparisons with roles such as senior managers in the public or private sectors where salaries would probably be considerably higher -

“For a “standard” basic pay level I would consider that non executive directors fees could be used to aid the development of suitable comparables.”

“Comparable role - in theory should be some form of non-executive director / trustee / custodian - may also be comparable to someone connected with (say) CAB - ie the role is varied - decision maker ; speaker ; constituency work to name but a few - even back benchers can end up speaking and representing the Island to politicians from other jurisdictions.”

“Senior Civil Servants - who are paid far more, but have less responsibility.”

“Their pay should be related to the pay structure that those who work in vocational occupations, ie nurses and teachers, get.”

“Senior manager in finance/bank”

“Their pay should shadow that of equivalent civil servants. Both are paid from the same source, i.e. tax.”

“Ministers’ salaries should be aligned to those of senior managers within the private sector.”

“One could look at Guernsey politicians, the closest political counterparts, and their salaries.”

“Police constable”

“Teachers, police officers, nurses, doctors, fire fighters, social workers.”

Some respondents nevertheless considered that the nature of the work undertaken by States members made comparison with other roles impossible –

“A senior civil servant might get close for comparison purposes, but they have job security, a generous pension and generally are not in the public eye the way a politician is. In conclusion, I find it difficult to compare the position of a politician with other careers.”

“No: it is impossible to compare like with like, especially in view of the wide range of hours that individual members work.”

“Not really as they work on a part time basis so you cannot compare their role to anyone else’s.”

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

Less than 20% of respondents felt that the current arrangements should continue. As explained in the Consultation Document all States members currently receive the sum of £4,000 per annum in their total remuneration package which is described as an ‘expenses allowance’ even though there is no requirement for them to account for any expenses incurred. The Comptroller of Taxes allows the £4,000 to be treated as an allowance for income tax purposes which, for a standard 20% taxpayer, saves the member £1,000 of tax.

Many respondents understandably felt that States members should only receive payment for expenses if details of the expenses incurred were available –

“No, expenses should only be paid against receipted claims for approved items.”

“Only if the percentage that is tax free is extended to the population at large. It is outrageous that politicians receive ANY special treatment.”

“No, they should submit expenses claims and be paid for these claims where deemed appropriate,”

“Refunding of expenses should continue - but should be done as and where expenses occur with an appropriate approval system in place.”

“Should not be allowed a tax free allowance but allowed to claim legitimate expenses against tax as others do.”

“No. Clear criteria and evidence of expenditure is a requirement for expense reimbursement.”

“There should be no cash allowances for anything which is not proven to have been spent. As self-employed individuals, they should pay for their own parking, telephones and IT provision as do ordinary self-employed people.”

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?

The Review Body was conscious when asking this question that the States had, on 20th May 2014, rejected an amendment brought by Senator P.F.C. Ozouf which sought to repeal Article 44 of the States of Jersey Law 2005. This Article currently requires all members to receive exactly the same level of remuneration (although if a pension was available the Law does allow different amounts of pension contributions to be payable to members) and makes it unlawful for extra payments to be made to those in positions of responsibility.

Despite the States decision the Review Body felt that any wide-ranging public consultation of this nature on States members remuneration would have been defective if it did not include a question on the issue of differential pay and it is interesting to note that almost three quarters of respondents favoured the introduction of differential pay.

Many respondents felt that it was simply wrong as a matter of principle that States members with extra responsibilities, particularly Ministers, received the same remuneration as other members –

“Jersey is out of line with almost any other organisation that one could imagine. If we are to attract younger members of sufficient calibre to carry out ministerial jobs, they need to be paid an appropriate salary. It is quite wrong that the Chief Minister is paid at the same level as members without such responsibility.”

“One size does not fit all. Ministers should receive more than States Members and the First Minister of the Council of Ministers should receive more, reflecting the greatest responsibility”.

“Absolutely. We should not be paying a backbencher with little responsibility the same levels as the Chief Minister.”

A number of respondents clearly saw a link between the possibility of paying additional remuneration for Ministers and others with significant responsibilities and reducing the remuneration of other members, with some suggesting that this would ensure that the overall cost of remuneration for States members did not increase –

I firmly think that there is need for differential in States Members pay. The more “senior” the role the more you should receive. We should reduce the “basic wage” and use the saving to increase Ministers pay.

“Remuneration of States members should reflect time commitment and responsibility. The current basic fee is too high and the fees paid to ministers, in particular the Chief Minister, are too low. (...) The Chief Minister has a more than full time position with huge responsibilities. Ministers similarly have fully time positions with lesser responsibilities. Ordinary members have very limited responsibilities and given the large numbers their role should be little more than 50% of a full time position, and remunerated accordingly.”

“Yes, but that doesn’t mean that those with more responsibility should be paid more. Reducing the salaries of those without such responsibilities will work towards reducing public expenditure.”

“Yes, as I’ve previously stated, the amount at present given to all, only for those in high office, and about £25 - £30,000 per annum for the rest.”

Those opposed to differential pay expressed equally strong views against any change –

“I am against differential pay for Ministers, Assistant Ministers, Scrutiny Chairman, Backbenchers etc. My main reasons for doing so is because I believe such pay differentials would be divisive and will lead to patronage and to a corruption of the States.”

“Absolutely not. Not just on patronage grounds. How would you then measure additional duties? CPA? Bailiff’s Consultative Panel? JHT? Parish duties and committees?”

“The real answer is, probably yes. However this runs the risk of attracting unqualified incompetent people who are merely attracted by the financial benefits. Parity is really only the fair way.”

“No, I think they should continue to be paid the same. Workload should be distributed evenly to encourage team work and working together to achieve goals which will actually benefit the people of Jersey, rather than the same old people controlling the majority of the decision making processes.”

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

The Review Body has expressed the view on a number of occasions in the past that it considers that appropriate pension arrangements should be put in place for States members. Opinion from respondents was quite evenly divided on this issue although a majority of those who commented on this issue believed that some form of contributory pension arrangements should be put in place -

"Don't they have that already? Pensions should be available to EVERYONE."

"Yes, everyone should be entitled to an employer supported pension."

"The States Members should be on the same kind of contract as the States Manual Workers, with the same benefits, salary increases etc."

"Yes, but deducted from current remuneration, just as mine is where I work."

"I am ambivalent on pensions.....but we do seem to be the only place out of the examples that you give that does not have some sort of pension provision."

"Yes, but I would keep it simple and flexible and make an agreed % of pay payable into an approved private pension scheme stipulated by each member."

Those opposed to a pension scheme usually felt that States members should simply make their own private pension arrangements in common with other self-employed people in the Island –

"The question of providing a pension for States members is definitely negative. They pay Social Security now. Ex-States Members requiring more than the existing Jersey Old Age Pension and the existing benefit system should make their own private arrangements."

"No. These are self employed individuals on a fixed term contract who should be encouraged to make their own pension provision as an example to us all. if the current States pension on its own is good enough for ordinary workers it is good enough for States members."

"No. These are supposedly educated people who should be able to arrange their own scheme."

"No with the salaries they already receive they should pay for their own."

“No they can take out their own pension if they want to. I don’t wish to give my money towards a pension to people who might only serve for three years because he has not done the job correctly.”

“No they should pay into their own schemes and besides a States job should not be seen as a career.”

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?

Many of those who answered this question merely re-iterated views that they had expressed in response to other questions but a number of additional comments about remuneration were received.

“What is needed is a review of the accountability structure for States members. The two issues that need specific investigation are firstly the amount of time spent by States members ‘working’ on government business and secondly whether their time is spent constructively and within remit. I would suggest a review of what they actually do (and the systems in place to manage performance and attendance) should take place before any form of remuneration.”

“Failure to attend sittings without good cause should be treated as failing to attend work, and salary should be deducted.”

“Anybody not elected island wide should not receive a salary from island wide taxes. Deputies and Constables should be paid by the parish they represent. Senators should be paid by tax payers.”

“Too many States Members. If the Constables have to stay in the States let the Parishes pay for them.”

“The Politicians should realise they are only doing a part time job, as people in the past did it for nothing as a service to the Island.”

“Either go back to the old days where experienced Islanders of means volunteer their time (maybe part time) to provide strategy and policy directives at an elected level and then let the Civil Service appoint and pay really well for the expertise required to deliver the policy. (I hear the arguments re this not allowing people without means being able stand, and it’s a strong argument!) OR, pay the “Board” a market level rate for a full time role commensurate with the experience and “risks”. £125k per annum minimum.”

Some commented on the consultation process itself and on the nature of the Review Body –

“The consultation seeks views of members of the public. It is difficult to imagine anything other than a number of responses of “they are all paid too much” based on limited knowledge. Generally however there will be little response. The subject does not lend itself to the consultation exercise that is being conducted. It would be preferable to run a number of focus groups, provided with the necessary information in the consultation and on the required time commitment. This is far more likely to produce a meaningful response than simply inviting the public to fill in a questionnaire.”

“The States Remuneration body should be made more representative with a wider range of people, at least one woman, and preferably a Union representative.”

“The Review Body’s consultation is silent on a key question - of whether the position of an ordinary States member should be regarded as full time. The current very high basic allowance of £46,400 implicitly assumes that it is. The consultation asks about comparable positions in Jersey but this is a meaningless question without knowing the time commitment. Herein lies one of the principal causes of the current dysfunctionality of the Island’s governance system - a large number of States members with no responsibility for government and with an income that is excessive for their responsibilities.”

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Public meeting on 25th June 2014

The SMRRB held a public meeting at St. Paul's Centre on 25th June 2014 to discuss the Consultation Document. There was a very small turnout with only 3 members of the public, 2 States members and a journalist attending. The discussion was nevertheless wide-ranging and a number of interesting points were raised.

The meeting discussed whether Connétables could be paid in whole or in part by their parishes. It was noted that some parishes would have more ability to pay than others and for a small parish such as St. Mary it would be a significant financial challenge to find adequate funds to pay even half of the Connétable's salary. The view was expressed that, although the work in a parish was shared with the Deputies, parishioners often contacted the Connétable first as he or she was more accessible than the Deputies and often in the parish office. The 2 Connétables present felt strongly that they undertook their fair share of work as States members to justify the payment made of their States remuneration by the taxpayer and both explained how they were involved with scrutiny panels and other States work.

The meeting discussed whether the role of a States member could be compared with other roles in the community and noted that the remuneration equated to a Grade 9 – 10 civil servant which some might feel was not appropriate for the role of Chief Minister. The view was nevertheless expressed that it was not easy or possible to compare the role of a States member with other professions in Jersey and it was more appropriate to make comparisons with other jurisdictions and see what their members were paid. One attendee stated that he felt that the remuneration for States members needed to be higher in order to attract professionally qualified people to stand for election. If the public did not think the remuneration a member was receiving was appropriate for their level of responsibility it was possible to vote them out at election time.

In relation to pensions there was a majority view from those attending that if States members were working on a full time basis then their work should be treated as other full time work and they should be able to receive a pension. It was not appropriate that members needed to have private means or pension arrangements from previous employment to be able to stand and the remuneration therefore needed to be adequate to attract everyone. It was pointed out that for anyone in their late 30's or early 40's with children going to university and a mortgage it was not possible to live in Jersey on the current States salary and this whole section of society was therefore excluded from membership. There was not a level playing field as some sections of the community could simply not afford to be States members unless both partners were working.