

REPORT
OF THE
ADVISORY COMMITTEE ON
REMUNERATION FOR MEMBERS
OF THE FEDERAL PARLIAMENT
IN ST. KITTS AND NEVIS

10th May 2005

Introduction

By letters dated 23 February 2005 the Honourable Prime Minister of St. Kitts and Nevis, Dr. Denzil L. Douglas, appointed the following persons to serve as members of an Independent Salaries Review Committee to make recommendations to Government in respect of Salaries, Allowances and other Benefits and Entitlements of Government Ministers and other Members of the Federal Parliament in St. Kitts and Nevis:

| | |
|------------------------------|--|
| Mr. Charles Brisbane, O.B.E. | Retired businessman and a Past President of the St. Kitts and Nevis Chamber of Industry and Commerce |
| Mr. Omax Gardner | Accountant |
| Mr. J. Emile Ferdinand | Barrister-at-Law and Legal Advisor |

The Committee was not a statutory body, nor was it empowered to administer oaths or affirmations to anyone from whom it might hear. It was an investigative and advisory body with terms of reference as stated in the letters of appointment (see Appendices 1 to 3). The Committee's investigation was to be carried out by a procedure to be determined by the said Committee. It had no power to insist on others appearing before it or giving information. Upon completion of its investigation the Committee was required to submit a report to the Honourable Prime Minister who indicated to the Committee that the said report would be made public by the Government so that the general public would become aware of the recommendations made by the advisory Committee and of its stated reasons for such recommendations.

The Committee adopted as part of its procedure the holding of a number of consultations, including meeting with all present Members of the Federal Parliament and the political leaders of all political parties with representation in the Federal Parliament, namely:-

- all of the elected and appointed Ministers of the Federal Government, that is, Prime Minister Dr. Denzil Douglas and the other members of Cabinet,
- the Leader of the Opposition, the Hon. Malcolm Guishard,
- the Leader of the Concerned Citizens Movement (CCM) party, the Hon. Vance Amory,
- Senator the Hon. Michael Perkins,
- the Speaker, the Hon. Marcella Liburd,
- the Deputy Speaker and elected representative of the Nevis Reformation Party (NRP), the Hon. Patrice Nisbett,

- the elected representative of the Peoples Action Movement (PAM), the Hon. Shawn Richards,
- the Political Leader of the NRP, Mr. Joseph Parry, and
- the Political Leader of PAM, Mr. Lindsay Grant,

Discussions were also held with a number of other individuals and organizations including:

- Governor of the Eastern Caribbean Central Bank, Sir K. Dwight Venner,
- His Excellency Ambassador Walford Gumbs in his capacities as President of the St. Kitts-Nevis Trades and Labour Union and also as the Immediate Past Speaker of the National Assembly,
- the Vice President of the St. Kitts-Nevis Chamber of Industry and Commerce, Mr Franklyn Brand, and other executive members of that organisation,
- the Christian Council,
- former Prime Minister, the Right Honourable Dr. Sir Kennedy Simmonds,
- the Financial Secretary Mr Wendell Lawrence and other senior staff in the Ministry of Finance, and
- the Director of Audit, Mr Albert Edwards.

Two open public consultations (one in St. Kitts and one in Nevis) were also held to which the media and the general public were invited (see Appendices 4 & 5). One of these sessions was broadcast live by the National Broadcasting Service, radio station ZIZ.

The Committee wishes to acknowledge the complete and candid cooperation of all those with whom it held consultations and is deeply appreciative of the insights and opinions which have proven very beneficial to us in our deliberations.

Context

Periodic reviews of the remuneration and other benefits of Ministers and other Parliamentarians are necessary in any country. As far as the members of this Committee are aware, the appointment of a Committee such as this in St. Kitts & Nevis represents a departure from the prior practice of the Government of the day periodically making determinations as to salary and benefit adjustments without any known formal consultations with persons outside of Government.

Our acceptance of the Prime Minister's invitation to serve on this Committee is wholly voluntary and is done in a spirit of public service. We anticipated that the issue under consideration would be a controversial one, but we each felt that the decision of the present

Government to ask persons outside of Government to consider the matter and make recommendations was a positive step and an improvement in governance practice. There have been similar Committees established in the Caribbean in recent years (St. Vincent, St. Lucia, BVI, Jamaica) and we have found it very useful to look at some of their reports. Some Caribbean countries (e.g. St. Lucia) have gone beyond the informal advisory committee and legislated a more structured process. Trinidad and Tobago has a Salaries Review Commission established under its Constitution.

As was said in the Report by a similar advisory Committee submitted to the Government of St. Vincent and the Grenadines in December 1999 (herein referred to as "the Venner Report", after its Chairman Sir K. Dwight Venner, Governor of the Eastern Caribbean Central Bank):

"The important questions which have to be asked and answered in this regard are the following:

1. What price are we prepared to pay for good governance?
2. What are the requirements for an acceptable level of governance, taking into consideration international best practices, as we proceed into the 21st century?"

"... [T]here are fundamental issues which must be brought to the attention of the political establishment and the public at large as we go forward into a new century. To simply recommend increases in remuneration on the basis of cost of living analysis or static comparative analysis between groups in the society would not, in our view, be very useful to present or future generations. Neither should current political grievances, either real or imagined, interfere with an honest and objective analysis of the current situation and the stimulation of a constructive and wide ranging discussion on these matters. In short, there must be some fundamental basis and acceptable framework on which we can examine our governance structures and their cost to the society."

"In this regard, we must advert to the role of the state and the government in setting and achieving our societal objectives. The introduction of government and the rule of law were critical and defining elements in the development of civilization. The presence of societal rules and regulations and a duly constituted body which can enforce them has been the basis on which all societies have developed."

"This is something which is very much taken for granted today as is also the attainment of universal adult suffrage which, for us in the OECS countries, occurred less than fifty years ago."

"In recent times there have been very heated debates about the role of government. The post 1945 Cold War period in which there was the ideological competition between a socialist system which advocated central planning and the control over the means of production and the economy by the state on one hand and a capitalist free market system on the other was a central reason for this debate. However, even in free market states a major role was being played by the Government in the regulation and even ownership of critical industries of national importance. A view emerged in the 1970s and 1980s that government had become too intrusive and in so doing had marginalized the private sector resulting in social apathy and lower productivity levels. The question then arose as to the utility of government and what role, if any, it should play. There is a view that goes back to Adam Smith which speaks of the minimum role of government and its being confined to maintaining law and order, regulating weights and measures and providing for the defense of the realm. Adam Smith wrote at the beginning of Britain's Industrial Revolution at a historical point in time when mercantile capitalism needed to be replaced by industrial capitalism for development to take place. Since mercantile capitalism had close relationships with the state, the latter had to be reinvented so that the process could go forward, hence Smith's minimal functions. A complex industrial economy, however, needs regulation. The system of production, if unregulated, could lead to practices injurious to health and the environment; dangerous products could be foisted on an unsuspecting public, workers may be exploited and made to work in unhealthy conditions, and children may be pressed into the labour force. The work of Charles Dickens chronicles very well some of the most squalid conditions in Britain during the industrial revolution."

"Unregulated market activity has also led to severe fluctuations in economic activity, manifesting itself in spectacular booms and disastrous slumps. It was after the most dramatic depression in the late 1920's and early 1930's that there was a very significant intervention by governments to mitigate the business cycle, inspired by the British economist, John Maynard Keynes. A notable feature of this evolution, however, has been the growth of liberal democracy in market economies and the gradual ceding of some influence to a broad mass of the citizenry through the exercise of their right to vote for the government of their choice."

"This brings us to a very critical issue which is of great significance to this report and its recommendations. The citizens' central role is to participate in the process of government by casting their vote. The naïve question to be asked then is '*In exchange for what?*' The equally naïve answer of course, is, '*Good Governance.*' "

"The next question then becomes *'What is good governance and what does it cost?'* Good governance has certain basic elements such as, the maintenance of law and order, an acknowledgement of the importance of equity and fairplay, and an environment in which citizens have the opportunity to grow to their fullest potential. The actions of government and the private sector must be transparent and accountable and corruption should be strongly discouraged."

"Good governance is also connected to the expectations of the population in what they regard as the appropriate standard of living and quality of life. This would start with the provision of basic services to the entire population. In this context we would identify food and nutritional requirements, clothing and shelter. Other associated needs would be access to educational and health facilities, cultural and sporting amenities, a clean and healthy environment, conditions of peace and tranquility, and, of great importance, secure and meaningful employment. In addition to the above there is the matter of access to and the ability to acquire durable consumer goods which can make daily living more efficient and/or less tedious so that people can enjoy more leisure or provide consumer satisfaction by themselves."

"The achievement of these objectives requires a partnership between the state and the society in which both are equally important, but in which their roles will differ given the time and the circumstances. For example, in the United States and the United Kingdom, President Reagan and Prime Minister Thatcher championed the view point that the state had grown too intrusive and was impeding the growth of those societies."

"The paradox was that it required strong and influential leaders like Reagan and Thatcher to try to redefine the balance between the state and the rest of the society in what clearly are developed industrial societies. In Asia, the rapid development over the last three decades prior to the current crisis has been attributed, among other factors, to strong state leadership. These two examples would seem to suggest that the critical issue is the fundamental role of the state and its relative importance at various and critical points of a country's history. The idea of balance is fundamental to this issue. The government should not be overly intrusive carrying out functions which the non-governmental sectors can carry out more efficiently and in a socially desirable manner. It should make intelligent interventions to counteract market failure or redress social imbalances which could lead to alienation and social disintegration."

"Government is about laws and people. It takes the latter to put good laws in place under which a society can be justly governed. The role of the law maker is paramount in any society and it is a matter which needs some critical reflection in our own circumstances."

"The World Bank which was one of the main proponents of the minimalist view of the Government revisited the issue in their World Development Report of 1997 entitled *"The State in a Changing World"*. It conceded a significant and important role for the state, while warning against any over extension of its involvement in the society. It also took the opportunity to pronounce on questions of corruption, transparency, and militarization, issues which were, and are being taken up at the international level and which are important in our own circumstances."

"It is clear that governance is now an international issue, and that all countries if they are to be included in the international community of nations and require access to external resources, must meet certain basic obligations to that community."

".... One can therefore conclude that the quality of governance and economic management are critical elements in the progress of nations and become even more so as we move into the new century."

"In the case of St. Vincent and the Grenadines and other OECS countries, we have inherited a form of government from the British which can be defined as parliamentary democracy. This involves a separation of powers between the Executive, the Legislative and the Judiciary, but with a close and dominant relationship of the Executive over the Legislature. The system has evolved over time from Crown Colony status to full independence but has kept the basic elements of what we know as the Westminster Model."

".... Adult suffrage opened the vote to all citizens and made a wider range of individuals eligible for representative duties. This process, which started in the 1950's, can be described as the beginning of the modern political era in St. Vincent and the Grenadines and the other OECS countries. This can be described as the beginning of the tutelage for self government. There was at first minimal ministerial representation from among elected members, followed by the creation of the post of Chief Minister under an enhanced constitution, then the installation of a Premier as power was progressively passed on to the elected representatives and finally with full independence came the position of Prime Minister with full responsibility for the affairs of the country."

"There was an evolutionary shift in power and responsibility from the British to the elected representative of the people. There was also following the British system the establishment of a political culture with the creation of multi-party systems in which opposing parties vied for office and an electoral system which was viewed as an important part of the governance system by those who had fought for universal adult suffrage. Another important element to note and preserve is that losing an election is

not life threatening in our countries as it has been in so many parts of the world, and that we in the Caribbean have an outstanding record of liberal democracy.”

It may be that this evolutionary process of constitutional advance obscured the desirability and importance of some national focus or consultation on the role and responsibilities of Parliamentary representatives in a constitutionally-independent country, and the consequences and implications flowing therefrom. The members of this Committee are all of the view that to properly address its terms of reference requires a focus on these roles and responsibilities in the context of the St. Kitts and Nevis environment. To further quote from the Venner Report:

“[T]he whole system of governance and government takes into consideration the presence and participation of a viable and constructive opposition party or parties in the structure of government. This can be realized to some considerable extent by giving to the parliament a very significant role in our society which by definition it is assigned by the constitution....”

“With full independence the responsibilities for the political establishment have become, to put it candidly, quite awesome. With the power now in our hands there is the requirement to provide good governance and satisfy domestic demands from a very narrow natural resource base in the face of high expectations. This is not a simple matter in a regional and international environment which is not currently sympathetic to very small states as ours....”

“... small states or any state for that matter, in order to compete successfully in this [interdependent and globalised] environment, must possess the following attributes:

- (i) Good information systems
- (ii) Good economic management
- (iii) Good negotiating skills
- (iv) Good systems of domestic governance.”

Good information systems:

“This is the information age and success in both the public and private sectors is largely contingent on the quality and timeliness of information”

“*Good economic management* is a critical feature of the modern state. The state should not be overly intrusive but should establish the economic fundamentals, that is, low inflation, fiscal and monetary stability, as well as an incentive regime which favours

private investment both local and foreign. The state should also provide the necessary physical and social infrastructural required for growth and development.”

“The nature of the internal and external environment requires significant *negotiating skills* for the successful prosecution of the appropriate policies. At the domestic level it should be the objective of government to put together a broad consensus on the goals and objectives of economic and social policies. Major economic interests which supply labour and enterprise have to be made aware of the various trade offs which confront our states. The compromises which have to be made by the private sector and labour unions on the issues of wages, prices, employment and productivity are of critical importance to the development of the economy.”

“On the external front the question of access to markets, technology, foreign direct investment, and concessional flows requires considerable bargaining ability since they are critical to the process of development. It must also be borne in mind that there are ... major trade arrangements which will seriously affect our future development which we are now in the process of negotiating....”

Good systems of domestic governance:

“Finally, a system of domestic governance based on the principles of liberal democracy. The Caribbean countries have established a long tradition of liberal democracy through frequent elections which have often resulted in changes in governments. This system has continued to function over time as a result of the ability of these states to maintain a social contract between governments, the business community and the population at large”

“.... The new approaches must be visionary, strategic and consensual. ***We have covered all this ground to make it crystal clear that the role of government and the concept of governance in all states and in particular extremely small states such as ours is of paramount importance for economic and social development. In very small societies with small populations and very narrow resource bases, where the margin for error is extremely small, the role of effective government cannot be overlooked or taken for granted. It can be the difference between success and disaster.***” [N.B.: Our highlighting for emphasis, not that of the Venner Report.]

“Given the milieu and the environment in which we now exist and have to make our living, we must again refer to the central theme of this report, that is, what value must we put on our governance system and the people who are responsible for its functioning. It is therefore important to have a view of the type of individual who could

best function in this new environment and outline their specific responsibilities in the system of government which we have chosen for our countries.”

“The qualifications for the holding of political office are set by the Constitution. These have to do with limitations either of age or propriety. Graduation from an institution of higher learning is not a qualification for the holding of political office. Such qualifications are neither hindrance or a benefit taken by themselves, but should be taken as a process of training which, if properly utilized, could add value to the system of governance. There are in fact some intrinsic values which the citizenry at large would like to see manifested in their political representatives which would single them out as role models and not as objects of distrust. The following outlined below seem to strike some resonance with the public at large:

1. Leadership and Organizational Skills
2. Principles and Ethics
3. Maturity and Wisdom
4. Humility and Tolerance
5. Objectivity and Rationality
6. Widely Read and Open Minded
7. Capacity to Learn and to Listen
8. Capacity to Exercise Good Judgment”

“This is not to suggest that the public is desirous of having saints or choir boys as their representatives. In fact, the Caribbean public is very tolerant of the foibles of their representatives. There is, however, the distinct impression that the public desires quality representation by the men and women who offer themselves for public service. In the same vein, it is not expected that a minister or parliamentarian would be a technical supremo.”

“He or she must be sufficiently in command of his subject to exercise reasonable judgment in choosing between the options placed before him/her and to be able to translate these decisions to the public at large in a comprehensible form.”

“In summary, our politicians must be men and women with good critical faculties as well as good communicators and adult educators who can enlighten their constituents and the society on the affairs of the nation, the region and the world.”

“Having put forward our views on the qualities of the representative we will now delineate the role and function of the individuals in the governmental process. Three specific roles can be identified:

1. Parliamentarian and Law Maker
2. Minister of Government
3. Parliamentary Representative”

“Parliament is the highest law making body in the land. All modern societies, and in particular, democratic societies are governed by the rule of law. The legislature has the responsibility to make laws which establish order and stability in society without which anarchy and chaos will prevail. In practical terms, legislators have the power to make laws which can send citizens to jail or restrict our economic and personal freedoms. In the circumstances, the legislature must be given a prominent place in the government and the life of society.”

We have quoted extensively above from the 1999 Report of the Advisory Committee in St. Vincent and the Grenadines (“the Venner Report”) because, as is so often the case in Caribbean (and especially OECS) matters, the common context renders unnecessary any need to re-invent the wheel. Appreciating this, we adopt the above description and comments as to the historical, constitutional and contemporary context for this our report and recommendations.

There are significant discernable differences globally in approaches to the issue of the appropriate remuneration which should be paid to the political directorate. A White Paper laid in the Singapore Parliament in 1994 titled *“Competitive Salaries for Competent and Honest Government”* stated:

“Competent political leadership is crucial to good government. Singapore must draw its Ministers from among its most outstanding and committed citizens. It must find a continuing flow of men and women of ability and integrity who will govern the country, mobilise the population, and chart future directions for the nation. Without such Ministers, the competence and integrity of the Government will suffer. Singapore will be unable to overcome problems, anticipate challenges and exploit opportunities the way it has done. It will lose this vital competitive edge over other countries, which enables it to thrive and prosper, and compensates for its smallness, vulnerability and lack of resources.”

The Singapore parliamentary paper further stated:

“Salaries should never be the motivation for persons to become Ministers. A sense of duty and public purpose, and the desire to contribute to the nation and have a say in its affairs, are essential. Many of the personal sacrifices people make to enter

politics are unavoidable. But the financial sacrifice is the simplest to minimize, by paying realistic salaries comparable to what Ministers can earn in the private sector”

While at this time the Caribbean may not be able to afford exactly the same approach as is stated in the Singapore White Paper, the Committee feels the need to be mindful of this White Paper’s perspective. However, even with this perspective of aiming at “competitive salaries”, the same Singapore White Paper quoted above declared:

“The Government will not set a Minister’s salary to match the private sector average.”

In Singapore, a one-third discount for the average private sector comparable benchmark was proposed as reflecting “a visible demonstration of the sacrifice involved in becoming a Minister.” The declared objective was to “... help build a competent and honest political leadership which [has] been vital for Singapore’s prosperity and success.” The earning capacity of Ministers of Government, were they to work in the private sector, would vary considerably based on individual qualifications, skills and attributes. No simple generalities can therefore be applied in this respect.

In the most recent (November 2003) Jamaican Parliamentary Salaries Review Committee Report, the following extract was quoted from the first such report (of the Ashenheim Committee in 1972):

“... we have found the problem of determining the amount of salary which should be paid to Ministers and other office holders to be one of considerable difficulty ... the office of Prime Minister is by any standard, one which transcends in difficulty, complexity and responsibility that of the highest paid executives in the private sector, and the other offices under consideration are in varying degrees no less demanding of time and talent than senior and highly rewarded positions in industry and commerce.”

The 2003 Jamaican Report stated:

“Consequently the Ashenheim Committee recommended that:

‘There be substantial increases in salary and allowances payable to Parliamentarians ranging from 67% to 144%’ ”

and further said:

"The [1981] Sasso Committee found that because of the long and irregular intervals between the revision of salaries for Parliamentarians, their salaries and allowances were out of line with private and public sector incomes and bore no relationship to the real living cost and the type of expenditure normal to the offices held by Parliamentarians. They also recommended substantial increases and that machinery be promptly put in place to conduct pay reviews on a more structured basis. "

This present Committee notes that there has not been, either immediately prior to or since St. Kitts and Nevis became an independent country in 1983, any conscious and focused attempt to treat with the issue as to what ought to be regarded as "reasonable remuneration" or "proper payment" to Ministers of Government and other Members of Parliament for their service as such to our community.

"In these times of increasing complexity of economic and social issues, advanced and modern legislation is critical to a country's progress. For example, legislation which makes provision for the promotion of offshore financial services or the attraction of foreign investment must be innovative and on the cutting edge if we are to successfully compete with the numerous other players in the field. The legislators must have the competence to assess the impact of such legislation on the society. In the final analysis they have the sole responsibility for passing such legislation into law."

[Quoted from the Venner Report, but with our highlighting for emphasis.]

This present Committee obtained information as to the salaries, allowances and other benefits paid to members of Parliament in other OECS and wider CARICOM countries and noted that the St. Kitts and Nevis Parliamentarians remuneration levels were not in the upper range of the regional norms. The Committee would like to clearly emphasize that the exercise carried out was a critical evaluation of the offices and functions of Ministers of Government and other Parliamentarians of the St. Kitts-Nevis Federal Government. The personalities occupying these respective positions were not taken into consideration in the determination of the remuneration package for Members of the Federal Parliament.

Present Salaries, Allowances, Benefits and other Entitlements

At present, Members of the Federal Parliament in St. Kitts and Nevis receive the following Salaries, Allowances, Benefits and Entitlements:

**ST KITTS & NEVIS FEDERAL PARLIAMENTARIANS'
PRESENT MONTHLY SALARIES AND ALLOWANCES**

| | Salary | Deputy Allowance | Allowance in lieu of Private Practice | Housing Allowance | Entertainment Allowance | Travel Allowance | Telephone Allowance | Constituency Allowance | TOTAL |
|-----------------------------------|--------|------------------|---------------------------------------|-------------------|-------------------------|------------------|---------------------|------------------------|--------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Prime Minister | 8,495 | - | - | 2,500 | 500 | 300 | Variable | 1,500 | 13,295 |
| Deputy Prime Minister | 6,610 | 510 | - | 1,500 | 300 | 500 | Variable | 1,500 | 10,920 |
| Attorney General | 6,960 | - | 2,750 | 1,500 | 300 | 500 | Variable | - | 12,010 |
| Ministers | 6,610 | - | - | 1,500 | 300 | 500 | Variable | 1,500 | 10,410 |
| Speaker of the House | 2,435 | - | - | - | 150 | - | - | - | 2,585 |
| Deputy Speaker | 2,170 | - | - | - | - | - | - | - | 2,170 |
| Leader of the Opposition | 2,435 | - | - | - | 150 | 300 | - | 1,500 | 4,385 |
| Other Parliamentarians (Elected) | 1,505 | - | - | - | - | 300 | - | 1,500 | 3,305 |
| Other Parliamentarians (Senators) | 1,505 | - | - | - | - | 300 | - | - | 1,805 |

Ministers of Government and the Speaker of Parliament are exempted from the payment of customs duty, consumption tax and all such charges upon the importation of a motor vehicle once every four years.

Neither the Prime Minister nor any of the Ministers of Government is provided with an official residence. They are required to pay for utilities supplied to their homes but they receive reimbursement for all local telephone calls made from a fixed line at their private homes. International calls made by Ministers from home, and cellphone charges, are not automatically reimbursed by Government. The present practice is that application must be

made for any such reimbursement and justified as an official expense on an individual basis in order to be considered for reimbursement by the Ministry of Finance.

Travel Subsistence

When Parliamentarians travel overseas on official duty, in addition to payment of travel costs, accommodation and meals, they receive a *per diem* (daily) payment of EC\$100 in respect of travel within the OECS or US\$100 in respect of travel outside of the OECS. This payment is intended to meet any incidental expenses that may arise and no account is required to be given in respect of such *per diem* payment. This is a common practice of all governments and international organizations and is regarded as a normal and reasonable incidental travel cost. During the years 2002 to 2004 the Ministry of Finance has indicated that such *per diem* payments to Ministers amounted to: \$103,581.92 (2002), \$75,716.92 (2003) and \$57,539.83 (2004), that is, an average per Minister of \$10,358.19, \$7,571.70 and \$5,753.98, respectively, for the said three years. The Committee recognizes that the actual sums paid to each individual Minister would differ significantly depending upon the portfolio held, as in the normal course of events the Prime Minister, the Ministers responsible for Foreign Affairs, International Trade and Tourism would likely travel much more frequently than other Ministers. It appears to the Committee that the public perception was that considerably more monies were being paid to Ministers as travel subsistence than is in fact the case.

Pension and Gratuity

The Pension and Gratuity entitlements of Members of Parliament have been stated as follows by the Director of Audit:

In addition to regular Social Security pensions for which contributions are made in the normal manner, a contributory public service Pension computation in favour of Parliamentarians ("Legislators") is based on the number of terms served as follows:

1. Aggregate service of not less than 8 years: $\frac{1}{3}$ of Basic Salary.
2. Two full consecutive terms of not less than 9 years or aggregate service of not less than 10 years: $\frac{1}{2}$ of Salary.
3. Three full consecutive terms of not less than 13.5 years or aggregate service of not less than 15 years: $\frac{3}{4}$ of Salary.

The Basic Salary used is the highest salary paid at any time during the period of service.

The Speaker's pension is $\frac{3}{4}$ of highest annual salary, provided he/she:
(a) serves at least 1 year; (b) ceases to be Speaker; and (c) attains age 50.

The Prime Minister's pension is $\frac{3}{4}$ of full annual salary, regardless of number of terms served.

Most of the Ministers are now at their maximum for pension, having served 3 terms and some only need now to qualify for the 13.5 years. This would be determined by the date of the next general elections.

The Gratuity is calculated as 20% of the total salaries received during period of service. This applies to all categories of Parliamentarians.

The current salaries are:

| | | |
|---------------------------------------|-----------|--|
| Prime Minister: | \$101,940 | Terms: 5 terms from 1989 |
| Deputy Prime Minister: | \$ 85,440 | Terms: 5 terms from 1989 |
| Attorney General: | \$ 83,520 | Terms: 3 terms from 1995 |
| Other Ministers: | \$ 79,320 | Terms: 4 terms for Minister Harris and Minister Asim Martin, all others 3. |
| Elected/Nominated Members: | \$18,060 | |
| Deputy Speaker: | \$26,040 | |
| Speaker and Leader of the Opposition: | \$29,220 | |

Fiscal Recommendations

A report on Emoluments for Members of the Legislative Council of the British Virgin Islands quotes in 1977 from a report of a Commission appointed in Barbados to review the remuneration and pension arrangements for Parliamentarians as follows:

" ... payment of salaries to Parliamentarians is based on the democratic system by which the people of the country have the right to vote for representatives of their

choice, irrespective of their (the representatives') financial position. Consequently then, lack of money should not deter those who wish to offer themselves for election to represent the people at the highest level in the country."

Factors taken into account in the determination of the remuneration package to be recommended for Members of the Federal Parliament were not limited to, but included, the following:

- (1) The national debt and the uncontrollable elements (e.g. natural disasters) which contributed to its size and the pressing need for Government to adequately manage and control this uncomfortable level of national indebtedness.
- (2) The continuing need for efforts by the Government to encourage both local and foreign investment capital to increase the Gross National Product to alleviate the pressures arising from matters mentioned under (1) above;
- (3) The cost burden of the Civil Service in St. Kitts and Nevis and Members of the Federal Parliament of St. Kitts and Nevis at the year 1999 with a comparative analysis at the year 2004.
- (4) Comparative compensation packages earned by Government Ministers and Parliamentarians in the taxable and non-taxable territories in the OECS.
- (5) The top, middle and lower range compensation packages enjoyed by management executives employed by the private sector in St. Kitts and Nevis in 2004 and 2005.
- (6) A review of recent reports issued by the World Bank on the present economic conditions as they exist in the OECS territories.
- (7) The next Parliamentarians' salary review date should be conducted after three years from November 2005, i.e. in about November 2008.

Office of Prime Minister:

We begin our recommendations by focusing on the Office of Prime Minister. As the Venner Report puts it:

"It is important that we focus on the office of Prime Minister as the reality is that we have literally entrusted our future and that of the country to the holder of this office

for periods of five years at a time. The office holder is chosen by, and not imposed on, the country under our democratic system of government. The job is arguably the most important job in the country. It is necessary in our view to establish a benchmark for the remuneration of the position of Head of Government taking into consideration the immense responsibility of the job while bearing in mind the remuneration of other members of the public service and the ability of the country to pay."

This Committee's remuneration recommendations take into consideration the various levels of emoluments in the Commonwealth Caribbean, particularly in the OECS, some of which were examined by the Venner Report in 1999 in St. Vincent and the Grenadines. The Venner Report considered that in 1999 a reasonable salary for the Office of Prime Minister in an independent nation state of the OECS would not be less than \$10,000 per month, in addition to certain allowances and other benefits. Bearing in mind the current position regarding the public finances of St. Kitts and Nevis, in particular the public-debt-to-GDP ratio at the present time, the Committee recommends that the Prime Minister's basic monthly salary be increased to \$11,000 from its present level of \$8,495. In addition, we recommend the following changes in respect of the monthly Allowances paid to the Prime Minister:

Prime Minister's Housing Allowance:

In most Commonwealth Caribbean countries the Prime Minister is provided with an official residence which is fully staffed and maintained by public funds. The Committee has been informed that while this remains a desirable goal, the Government has determined that the construction of such a suitable official residence should not be a priority at this time, in the interest of fiscal prudence. The Committee sees merit in this view. The Committee recommends that the monthly Housing Allowance paid to the Prime Minister be increased from \$2,500 to \$2,800. This figure still represents considerably less than would be paid for the maintenance and staffing of an appropriate official residence, much less the interest element (whether actual or notional) on the capital cost of constructing such a residence. Government's policy regarding an official residence for the holder of the Office of Prime Minister should be revisited periodically, bearing in mind that the only existing official State residence (Government House) is configured so as to serve as both the office and the actual residence of His Excellency the Governor General. When such actual usage is in fact exercised, the scope for official functions at those premises will be considerably curtailed.

Prime Minister's Entertainment Allowance:

"There are certain expectations of the Head of Government which require the holder to meet certain expenses for entertainment" (Venner Report). These will not always be formally incurred, reimbursable expenses. We recommend that the present Entertainment Allowance for the Prime Minister be increased from \$500 to \$1,000 per month.

Prime Minister's Travel Allowance:

Protocol and security requirements make it essential that an official car and driver be provided for the Prime Minister as Head of Government, as currently exists. In addition, a monthly Travel Allowance of \$300 is presently paid to the Prime Minister. While this may be in part somewhat of an historical anachronism, it may also contribute to meeting incidental private transportation expenses. We recommend that this allowance be increased from \$300 to \$500 per month.

Prime Minister's Telephone Allowance:

Instead of the current telephone benefit policy described above, we recommend that a telephone allowance in a fixed sum of \$250.00 per month be paid to each Minister of Government, including the Prime Minister, to replace both the current unlimited home local calls policy and no cellphone payment. This would have the dual benefit of introducing a known and reasonable cap on these costs to the public purse while allowing Ministers to apply the allowance to either their cellphone or their home telephone.

Prime Minister's Constituency Allowance:

The Constituency Allowance of \$1,500.00 per month payable to every elected Parliamentarian has not been increased since its introduction in 1989. We recommend that the Constituency Allowance be increased from \$1,500.00 per month to \$2,000.00 for all elected Members of Parliament, including the Prime Minister.

The foregoing recommendations would improve the Prime Minister's overall monthly remuneration (ie. Salary plus Allowances) from \$13,295.00 (not including the present variable telephone allowance) to \$17,550.00 (including the recommended fixed telephone allowance), computed as follows:

| | | |
|--------------------------|---|--------------------|
| Basic Salary | = | \$11,000.00 |
| House Allowance | = | \$ 2,800.00 |
| Entertainment Allowance | = | \$ 1,000.00 |
| Travel Allowance | = | \$ 500.00 |
| Telephone Allowance | = | \$ 250.00 |
| Constituency Allowance | = | <u>\$ 2,000.00</u> |
| Total Monthly Emoluments | = | \$17,550.00 |

Deputy Prime Minister & Other Ministers of Government with Full Ministerial Responsibility

At present the Deputy Prime Minister and other Ministers of Government are each paid a basic monthly salary of \$6,610.00. Bearing in mind the previous relationship in the pay scale between the Prime Minister's remuneration and that of the other Ministers, we recommend an increase in this salary to \$8,500.00 per month in respect of Ministers with full or ultimate Ministerial responsibility.

Deputy Allowance:

The only financial feature that differentiates the Deputy Prime Minister's remuneration from that of his other elected ministerial colleagues is that he is paid a Deputy Allowance of \$510.00 per month. This sum is paid every month irrespective of whether or not the Deputy Prime Minister acts as Prime Minister. The Committee is aware that from time to time a Minister other than the Deputy Prime Minister is appointed to act as Prime Minister in the absence of the Prime Minister and the Deputy Prime Minister, and has been informed that no additional remuneration is paid to such Acting Prime Minister. Such Acting appointments are constitutionally necessary, serve to expose the appointees to the responsibilities which bear on the Head of Government and is a positive practice which can psychologically enrich public service at the highest levels. Acting appointments would ordinarily be of short duration and should accordingly, as at present, not attract any premium payment. In respect of the enduring Office of Deputy Prime Minister, however, we recommend an increase in the Deputy Allowance from \$510.00 monthly to \$750.00. This modest financial differentiation is of course greatly outstripped by the senior status which is recognized rather than conferred by the title of Deputy Prime Minister, who also acts as Prime Minister more often than any other Minister in the normal course of events.

Other Allowances: The following are the changes we recommend for the other Allowances to be paid to the Deputy Prime Minister and also to the other Ministers of Government:

Housing Allowance:

The current Housing Allowance of \$1,500.00 monthly has remained unchanged since at least as early as 1993. We recommend that this be increased to \$1,800.00.

Entertainment Allowance:

The current Entertainment Allowance of \$300.00 monthly has remained unchanged since at least as early as 1993. We recommend that this be increased to \$600.00

Travel Allowance:

The current Travel Allowance of \$500.00 monthly has remained unchanged since at least as early as 1993. We recommend that this be increased to \$800.00

Telephone Allowance

For the reasons given above, we recommend that a telephone allowance in a fixed sum of \$250.00 per month be paid to each Minister to replace both the current unlimited home local calls policy and no cellphone payment.

Constituency Allowance:

As was previously mentioned in relation to the Prime Minister's emoluments, this has been fixed at \$1,500.00 per month since its introduction in 1989 and we recommend its increase to \$2,000.00 per month.

The Constituency Allowance differentiates financially between elected Ministers of Government (indeed between all elected Members of Parliament) and their appointed colleagues who are referred to as Senators. In addition to this objective financial differentiation, there will also exist real as well as publicly-perceived differentials between Ministers based upon:

- (a) their parliamentary longevity,
- (b) the nature and extent of their ministerial portfolios, and
- (c) individual ministerial performances and results.

These differential factors will, inevitably, vary from time to time on an individual basis.

The forgoing recommendations, if accepted and implemented, will result in the total monthly remuneration paid to the Deputy Prime Minister being improved from \$10,920.00 (not including the present variable telephone allowance) to \$14,700.00 (including the recommended fixed telephone allowance), computed as follows:

| | | |
|--------------------------|---|--------------------|
| Basic Salary | = | \$ 8,500.00 |
| Deputy Allowance | = | \$ 750.00 |
| House Allowance | = | \$ 1,800.00 |
| Entertainment Allowance | = | \$ 600.00 |
| Travel Allowance | = | \$ 800.00 |
| Telephone Allowance | = | \$ 250.00 |
| Constituency Allowance | = | <u>\$ 2,000.00</u> |
| Total Monthly Emoluments | = | \$14,700.00 |

If accepted, our recommendations would see the total monthly remuneration paid to other Ministers with full or ultimate Ministerial responsibility moving from \$10,410.00 per month (not including the present variable telephone allowance) to \$13,950.00 (including the recommended fixed telephone allowance), computed as follows:

| | | |
|--------------------------|---|--------------------|
| Basic Salary | = | \$ 8,500.00 |
| House Allowance | = | \$ 1,800.00 |
| Entertainment Allowance | = | \$ 600.00 |
| Travel Allowance | = | \$ 800.00 |
| Telephone Allowance | = | \$ 250.00 |
| Constituency Allowance | = | <u>\$ 2,000.00</u> |
| Total Monthly Emoluments | = | \$13,950.00 |

Senator Ministers without Full Ministerial Responsibility

Ministers of Government who are selected from persons appointed rather than elected to Parliament would not receive any Constituency Allowance. Where such Ministers are discharging the full duties and holding the ultimate Ministerial responsibility for their appointed Ministerial position, the Committee recommends that they be paid the same as elected Ministers, save for the Constituency Allowance. Presently, both of the appointed "Senator Ministers" are responsible for portfolios falling under the Prime Minister, and the Prime Minister bears both direct and ultimate political accountability and responsibility for their performance in those assigned Ministries. By virtue of being constitutionally empowered to allocate all ministries, the Prime Minister bears a considerable degree of ultimate political responsibility for the performance (or otherwise) of all ministerial duties.

"The Prime Minister is responsible for the overall organization of the Executive and the allocation of functions between Ministers in charge of Departments" (from Ministry Paper No. 19 of 2002 presented to the Jamaica Parliament by Prime Minister P. J. Patterson of Jamaica).

In addition to having political responsibility for any portfolios assigned to him, the Prime Minister is generally viewed as carrying an overall responsibility for the performance of the Executive which is largely structured by his decisions. The principle of Collective Responsibility does not remove this political oversight role and responsibility of the Prime Minister who is constitutionally empowered to effectively determine the allocation, and re-assignment or removal where he deems fit, of Cabinet Ministries. This wider political responsibility, encompassing all assigned Ministers and indeed Senatorial appointments themselves, may very well demand more of a Prime Minister than is involved in the conduct

of some full, specific ministerial portfolios. Had we been required to consider a situation where a Minister was assigned responsibility for a portfolio under another Minister *other than* the Prime Minister, it would be obvious that there should be some differential in the remuneration paid to the "full" Minister with the ultimate political responsibility and that paid to the person (whether elected or non-elected) who reports to him. In the Committee's opinion, in the present circumstances which fall for consideration, the functions and duties to be performed, coupled with the particular reporting arrangements and political responsibilities, we consider it reasonable to recommend that Ministers without full and ultimate Ministerial responsibility be paid a basic salary of \$8,000.00 instead of the \$8,500.00 paid to Ministers with full and ultimate Ministerial responsibility. Our other recommendations as regards Allowances would also apply so that their remuneration package would move from \$8,910.00 per month (not including the present variable telephone allowance) to \$11,450.00 (including the recommended fixed telephone allowance), computed as follows:

| | | |
|--------------------------|---|------------------|
| Basic Salary | = | \$ 8,000.00 |
| House Allowance | = | \$ 1,800.00 |
| Entertainment Allowance | = | \$ 600.00 |
| Travel Allowance | = | \$ 800.00 |
| Telephone Allowance | = | <u>\$ 250.00</u> |
| Total Monthly Emoluments | = | \$11,450.00 |

It is recognized that in our democratic system of Government, other things being equal, elected Members of Parliament will always enjoy special stature and influence within Cabinet and Parliament, as well as in the community at large.

Attorney General

The Office of Attorney General is one of only three Cabinet positions (along with that of Prime Minister and Deputy Prime Minister), specially created and recognized by the Constitution. It may be a public office or held by an elected official, but the holder must be qualified to practice as a barrister in St. Kitts and Nevis.

"The position of the Attorney General who is constitutionally the principal legal advisor to the Government is clearly one of great weight and importance.

"The remuneration for the Office must take account of the status of the office within the Constitution, the position of the officer as the leader of the legal profession and the need to attract persons of competence and integrity in the profession for the

discharge of the duties of the office. He must be an Attorney-at-Law, and his duties are wide and far-ranging and fall into the areas of both domestic and international affairs. He is moreover required in some cases to disassociate himself from any identification with the Government in such areas as lending his name to litigation brought by members of the public for the enforcement of public rights" (quoted from the Ashenheim Report of Jamaica).

The present basic salary of \$6,960.00 falls considerably below what an experienced and established lawyer could earn in private practice if he had previously been (as it is desirable that he should have been if the position is to be properly filled) one of the leading lawyers in private practice or in public service.

The need for a more competitive remuneration package is perhaps most acutely appreciated in relation to this Cabinet position. All Government Ministries will rely upon the guidance and judgment of the Attorney General on a regular basis. His counsel will permeate and colour virtually all significant Cabinet decisions, and bears disproportionately upon the constitutional and political principle of Collective Responsibility. It is no doubt some realization of these realities which result in the structure of his current remuneration in St. Kitts and Nevis. The Attorney General's basic monthly salary is \$6,960.00 and he also receives an Allowance in Lieu of Private Practice (\$2,750.00), Housing Allowance (\$1,500.00), Entertainment Allowance (\$300.00) and Travel Allowance (\$500.00). It is in the public interest that the Attorney General's remuneration bears a competitive relationship with private sector earning prospects, although it is unlikely to actually match same. The Allowance in Lieu of Private Practice is a component which we would expect to be negotiated at the time of initial engagement and to be "personal to holder," ie. this element should vary in direct proportion to the experience and earning-capacity of the person being recruited to fill the post. This Allowance will also need to be reviewed from time to time, along with the other Allowances. It must be borne in mind that, as in the private sector, unsound legal advice is likely to prove costly to the public purse.

While historically it appears that the Attorney General is the only Cabinet position to be paid what can perhaps be described as a sum reflecting a "competitive private sector uplift" (i.e. the Allowance in Lieu of Private Practice), to our minds the public interest may very well require that Government consider whether other scarce, important or costly skills in other fields need to be attracted by similar competitive payments. These should of course be publicly announced and justified. The fields of endeavour where this principle should operate will vary with the developmental needs of St. Kitts and Nevis and from time to time.

The Committee recommends that the remuneration presently paid to the Attorney General be improved as follows:

| | | |
|---------------------------------------|---|------------------|
| Basic Salary | = | \$ 9,000.00 |
| Allowance in Lieu of Private Practice | = | \$ 3,500.00 |
| House Allowance | = | \$ 1,800.00 |
| Entertainment Allowance | = | \$ 600.00 |
| Travel Allowance | = | \$ 800.00 |
| Telephone Allowance | = | <u>\$ 250.00</u> |
| Total Monthly Emoluments | = | \$15,950.00 |

Speaker & Deputy Speaker

The primary role of the Speaker is to preside over debates in Parliament in a fair manner, ensuring that the relevant rules are followed in the interest of good order and democracy. Parliament being the premier democratic institution under the Constitution, the Office of Speaker is clearly one of tremendous responsibility, sensitivity and importance.

As the Federal Parliament, on average, sat for seven days per year over the past three years, the demands on the Speaker's time have not been onerous. Having to follow closely all parliamentary debates, and enjoying, as the Office of Speaker must, some measure of respect and confidence from both sides in Parliament (i.e. Government and Opposition Parliamentarians), the Committee is of the view that this important Office is underutilized and insufficiently appreciated.

We recommend that Government consider what measures can be taken to improve public awareness of and regard for this critical position, thereby enhancing the status of Parliament itself. As far as remuneration is concerned, the Committee recommends that the Speaker be paid a basic monthly Salary of \$3,000.00 (an increase over the present \$2,435.00) and that the existing monthly Entertainment Allowance be increased from \$150.00 to \$300.00.

We also recommend that the Deputy Speaker's basic Salary be increased from \$2,170.00 to \$2,700.00. There are no Allowances presently paid to the Deputy Speaker as such, presumably because he/she would already be entitled to appropriate Allowances as a Member of Parliament, whether as an elected Representative or an appointed Senator.

Leader of the Opposition

The Office of Leader of the Opposition must be regarded as being of great importance in any democracy. The Constitution expressly confers several significant powers upon this

office-holder and requires that he be consulted prior to certain important decisions being made by the Head of State (i.e. the Governor General) and the Head of Government (the Prime Minister).

The Leader of the Opposition is expected to be the leading voice in Parliament and the wider community holding the Government of the day to account for its conduct and stewardship, and coordinating strategy for the replacement of the Government of the day by a parliamentary grouping under his leadership. While this Office finds its foundation in Parliamentary support, its role, responsibilities and demands reach beyond that of parliamentary presence.

We consider that the holder of the Office of Leader of the Opposition should be paid not less than \$3,000.00 per month as basic Salary, in addition to the following monthly Allowances: an Entertainment Allowance of \$300.00 (currently \$150.00), a Travel Allowance of \$500.00 (currently \$300.00) and a Constituency Allowance of \$2,000.00 (currently \$1,500.00). If implemented, our recommendations would improve the total monthly remuneration for the Leader of the Opposition from \$4,385.00 per month to \$5,800.00, computed as follows:

| | | |
|--------------------------|---|--------------------|
| Basic Salary | = | \$ 3,000.00 |
| Entertainment Allowance | = | \$ 300.00 |
| Travel Allowance | = | \$ 500.00 |
| Constituency Allowance | = | <u>\$ 2,000.00</u> |
| Total Monthly Emoluments | = | \$ 5,800.00 |

Other Elected Parliamentarians

This category will include elected Members of Parliament who do not hold any office as a Minister of Government, Leader of the Opposition, Speaker or Deputy Speaker. While it could therefore include back-benchers on the Government side of Parliament, since Independence in 1983, this category has in practice been confined to Opposition Members of Parliament. In the opinion of the Committee, the minimal level of basic Salary (\$1,505.00) presently paid to an elected Representative serving in Parliament, the foundation institution of our Democracy, can only be explained on the basis that the level has always been decided solely by the Government of the day, past and present. While successive Governments may have been unable to view this particular matter other than from partisan political perspectives, this Committee is of the opinion that Democracy demands a broader perspective. Conscious of the Constitutional contribution to their community of Members of Parliament, whether from the Opposition benches or the back bench of the governing party, the Committee recommends that Other Members of

Parliament be paid a basic monthly Salary of \$2,500.00, plus an Entertainment Allowance of \$300.00 (currently nil), a Travel Allowance of \$500.00 (currently \$300.00), and a Constituency Allowance for Elected Representatives of \$2,000.00 (currently \$1,500.00), making total monthly remuneration \$5,300.00 (currently \$3,305.00) computed as follows:

| | | |
|--------------------------|---|--------------------|
| Basic Salary | = | \$ 2,500.00 |
| Entertainment Allowance | = | \$ 300.00 |
| Travel Allowance | = | \$ 500.00 |
| Constituency Allowance | = | <u>\$ 2,000.00</u> |
| Total Monthly Emoluments | = | \$ 5,300.00. |

Senators who hold no other Office

In the opinion of the Committee, Senators who hold no other Office in the Federal Parliament should be paid the same basic Salary and Allowances, save for the Constituency Allowance, as an Elected Representative who holds no other office. Accordingly, we recommend a total monthly remuneration for such persons of \$3,300.00 (currently \$1,805.00).

A Table illustrating the recommended new Salaries and Allowances for all Federal Parliamentarians is as follows:

**ST KITTS & NEVIS FEDERAL PARLIAMENTARIANS'
RECOMMENDED MONTHLY SALARIES AND ALLOWANCES
(Proposed effective date: 1st November 2004)**

| | Salary | Deputy Allowance | Allowance in lieu of Private Practice | Housing Allowance | Entertainment Allowance | Travel Allowance | Telephone Allowance | Constituency Allowance | TOTAL |
|---|--------|------------------|---------------------------------------|-------------------|-------------------------|------------------|---------------------|------------------------|--------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Prime Minister | 11,000 | - | - | 2,800 | 1,000 | 500 | 250 | 2,000 | 17,550 |
| Deputy Prime Minister | 8,500 | 750 | - | 1,800 | 600 | 800 | 250 | 2,000 | 14,700 |
| Attorney General | 9,000 | - | 3,500 | 1,800 | 600 | 800 | 250 | - | 15,950 |
| Ministers with full Ministerial responsibility | 8,500 | - | - | 1,800 | 600 | 800 | 250 | 2,000 | 13,950 |
| Ministers without full Ministerial responsibility | 8,000 | - | - | 1,800 | 600 | 800 | 250 | - | 11,450 |
| Speaker of the House | 3,000 | - | - | - | 300 | - | - | - | 3,300 |
| Deputy Speaker | 2,700 | - | - | - | - | - | - | - | 2,700 |
| Leader of the Opposition | 3,000 | - | - | - | 300 | 500 | - | 2,000 | 5,800 |
| Other Parliamentarians (Elected) | 2,500 | - | - | - | 300 | 500 | - | 2000 | 5,300 |
| Other Parliamentarians (Senators) | 2,500 | - | - | - | 300 | 500 | - | - | 3,300 |

Other Observations, Comments and Recommendations

The Committee considers it a very positive and welcome development that several members of the public and other persons with whom it consulted expressed concern over the present state of the national debt. In the 2005 Budget Address the Prime Minister Dr. The Hon. Denzil Douglas stated:

“...the debt stock (including the debt of the SSMC, the Nevis Island Administration and public corporations in St. Kitts and Nevis) is now in the region of 171% of GDP, which is well outside the level that we would deem acceptable. Consequently, we intend to implement an aggressive reduction strategy that would progressively reduce the debt stock over time.”

The Prime Minister went on in his Budget Address to outline a number of elements of that “aggressive reduction strategy” and further stated that if these are successful there could be a substantial “reduction in debt over the next five years ... and we could realistically look to bring the debt level to well below 100% of GDP in a ten-year period.”

Public concern about the high level of St. Kitts and Nevis’ national debt is both legitimate and of great importance. We need not look as far afield as Argentina to appreciate the dire consequences of a failure to control and manage national debt. Right within the Eastern Caribbean Currency Union of the OECS the stifling effect of high taxes (prompted by high levels of national debt) on economic growth and opportunities is evident in the sister island of Dominica.

Unsustainably high levels of national debt severely constrain the policy options available to Government and require the crafting of a broad national consensus on the way forward. Complex challenges can seldom be solved by simple solutions. Careful consideration of the way forward is required of the political directorate. The public service, the private sector and the community as a whole must be given the facts that would enable them to understand, appreciate, help shape and accept the Government’s policies and goals which bear on this critical issue. Just in carrying out its modest exercise, the Committee was struck by how severely limited and restricted is the extent of relevant information in the public domain in a readily discernable form. This culture of official secrecy is one which requires urgent and committed attention by Government if our democracy is to be deepened - a process we are convinced will benefit any Government as well as the community it serves. To focus on but one important example: the manner in which Travel Subsistence is shown in the public accounts: We recommend that in future the annual Budget Estimates show the amount paid to each Parliamentarian as *per diem* subsistence for foreign travel as a specific item and individually for each Ministry of Government. This will improve

transparency and act as a disincentive to abuse or excess. The past levels of expenditure of public funds on this item appear to have been much less than the public perception. This public misconception may have been partly fueled by the fact that the annual Estimates show this item as a combined total of all Parliamentarians' foreign travel and includes a massed or gross combined total for airfare, hotel accommodation and other reimbursable expenses, in addition to the actual daily subsistence payments.

A Government policy of less official secrecy would also promote greater public confidence and accountability and enhance the role and status of Parliament. In this regard we recommend that information as to the terms and conditions of significant public sector contracts be routinely declared in Parliament rather than kept cloistered in the Cabinet. Grave concerns were expressed to the Committee in its consultations regarding the secrecy surrounding the public tendering process and the ultimate awards of contracts for capital projects to private contractors. The terms of such capital project contracts, including their financing, can significantly impact the national debt. We recommend that more information be made public by Government in a timely manner regarding public tenders and their outcomes. These two recommendations might very well help to reduce the national debt by engendering, in a variety of ways, contractual terms that are more beneficial to the public purse.

The most recent *Report of the Director of Audit on the Accounts of the Federal Government for the year ended December 31, 2003* warned in its Report Highlights that:

"... Debt servicing rise (*sic*) to over 33% of recurrent expenditure, [and]
Debt servicing using 40 cents of every dollar generated."

These facts present serious challenges for any Government and their significance cannot be ignored.

In making our recommendations, the Committee has been mindful of the state of the economy and public finances in particular. We refrained from recommending the incorporation of Allowances into basic Salary (which we accept would have simplified and made more transparent the pay packets of Parliamentarians), because to do so would have increased the burden on the public purse via the impact on pension and gratuity entitlements.

It must be remembered that our review encompassed only a total of 16 persons. Parliamentarians' total current emoluments represented less than a half of one percent of Government's total recurrent expenditure in 2004. In contrast, the emoluments paid to the public service as a whole, excluding Parliamentarians, involves in excess of 4,400 persons

whose emoluments represented 35.78% of Government's recurrent expenditure in 2004. Our recommendations made herein, if accepted and implemented, are unlikely to be altered for the next three years and must therefore aim to be reasonable and realistic over this projected period. We are of the opinion that the recommended increases ought to date back to 1st November 2004, the start of the life of the present Parliament. Although this is clearly a matter on which there can be reasonable differences of opinion, we consider this date to be both convenient and reasonable. Although we recognise that the last increase granted to civil servants, which was announced in mid-2004, took effect from 1st January 2004, we feel strongly that it is important that Government should ordinarily plan ahead rather act retrospectively. On the other hand, the process of deliberation and consultation chosen by this advisory Committee for treating with the subject matter of this Report took several months and it would be unfair for Members of Parliament to be disadvantaged as a result. The Government would also, we expect, have taken at least some months to consider how best to go about instituting this important, positive and novel (in St Kitts and Nevis) Parliamentarians' salaries revision process. Hence, our choice of a recommended effective date is based on a compromise in light of these factors mentioned. We would hope that future salary reviews would be conducted and implemented wholly prospectively in the interest of good administration.

We recommend that an actuarial study be commissioned by Government to ascertain whether Parliamentarians' current contributions of 2.5% of their basic salary to their public service pensions is realistic, or whether this needs to be altered so as to lessen the burden on the public purse.

The responsibilities vested in Ministers of Government and other Parliamentarians and the importance of them performing their functions properly (whether in or out of Government) is impossible to exaggerate. If they are not properly paid, the public interest will undoubtedly suffer in a variety of ways. In 2002 the Parliament of Jamaica identified with "*Seven Principles of Public Life*" drawn from a U.K. Report dealing with Standards in Public Life. These Seven Principles are:-

"Selflessness: Holders of public office should take decisions solely in terms of the public interest. It is an offence to do so in order to gain financial or other material benefits for themselves, their families and friends.

Integrity: Holders of public office should not place themselves under any financial or other obligation to outside individuals or organizations that might influence them in the performance of their official duties.

Objectivity. In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.

Accountability. Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

Openness. Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly so demands.

Honesty. Holders of public office have a duty to declare any private interests relating to their public duties and take steps to resolve any conflicts arising in a way that protects the public interest.

Leadership. Holders of public office should promote and support these principles by leadership and example.”

The members of this Committee consider that our recommendations are a realistic reflection of what our community should expect to pay Parliamentarians for governance after more than 21 years of Independence.

We further recommend that immediate steps be taken to legislate a formal structure to enable periodic reviews of the remuneration paid to Parliamentarians every three years. The proposed structure should ensure representation and input by all political parties represented in Parliament, as well as by the wider civil society. Every effort ought to be made to forge a multi-party consensus on the proposed structure to be legislated. Given the cooperation the Committee received from all Parliamentarians in this current exercise, we do not believe the attainment of such consensus to be beyond the reach of the existing Members of Parliament.

The Committee recognizes that the present composition of the Federal Parliament and of the Nevis Island Administration has the effect of certain members of the Federal Parliament being in receipt of multiple sources of income and allowances from the public purse (ie. from both the Federal Parliament and from the Nevis Island Government). We have been told that since the inception of the Constituency Allowance, no Member of Parliament was allowed to draw more than one Constituency Allowance, even through the boundaries of the Federal constituencies and the Nevis Island Assembly constituencies do not coincide exactly. This policy regarding Constituency Allowances certainly makes sense and we

recommend that it continue to be followed and appropriately applied also to other Allowances. There is likely to be some overlap in roles and responsibilities where dual parliamentary membership is held. We do not think that the electorate is unaware of this fact, and neither are the political parties who vie for leadership. Beyond noting that the present Federal and Island parliamentary configuration is permitted (although clearly not required) under the St. Kitts and Nevis Constitution, and has been the subject of legitimate political comment, the Committee's recommendations have not been particularly influenced by the fact of the current configuration. This is an issue which will no doubt be the subject of continuing political comment and would also be impacted by any analysis aimed at constitutional reform. The particular matter has not been the subject of sufficient analysis by this Committee to justify any particular specific recommendation at this time.

The Venner Report noted that:

"[The function of the Parliamentarian as the representative of a particular constituency] involves attending to the individual and collective needs of an electorally demarcated portion of the country. This area of the Parliamentarian's work is the one which seems to be the most closely connected with his re-election. ... It was suggested to us that representatives not only had to respond to their constituents outside of ordinary working hours but also had to dig deep into their personal finances to meet the needs of many of their constituents who they perceived to be in dire straits. There are some critical issues to be addressed in these circumstances which have to do with the formation and encouragement of attitudes of dependency on the one hand, and the absence of reasonable social safety nets to take care of those citizens who are least able to fend for themselves on the other. **It is difficult to support or condone a system in which citizens see all politicians and their own parliamentary representative as the source of handouts in exchange for an actual or potential vote.** This attitude which seems to be accepted by many, not only in St. Vincent and the Grenadines, but in other parts of the region, as inevitable in a multiparty competitive electoral system, is not in our view conducive to the kind of developmental environment which facilitates societal progress. The backlog of poverty and inequity cannot be cured by the personal financial contributions of politicians no matter how much money they possess. There must be a fundamental assault on these problems at the highest level of Government, which incorporates the individual and collective efforts of citizens at the constituency level. The work of the parliamentary representative is therefore that of educator, communicator, intermediary, and personal counselor to his constituents."

As Parliamentarians' remuneration in St. Kitts and Nevis is likely to remain modest, by comparison to their role and importance, for the foreseeable future, we consider it important to recommend that urgent priority be given to the enactment of effective legislation providing mechanisms designed to promote integrity in public life. This will provide some safeguards against temptation to misuse public office and is likely to enhance public trust and confidence in Parliamentarians, which is essential to the preservation of Democracy. We make this recommendation because we are of the view that there is a need for some effective mechanism for annual disclosure of Parliamentarians' assets, liabilities, income and expenditure from all sources and annual movements of these components to reflect adequate accounting of additions and disposals between years. The fulfillment of this measure will certainly go a long way to eliminate or significantly reduce adverse public perceptions in this regard. The Committee considers this annual disclosure to be in the public interest and consequently, the annual cost of this exercise should be borne by the Treasury, not by the Members of Parliament.

The failure of the effective functioning of the Public Accounts Committee is cause for concern and immediate steps must be taken to ensure adequate governance and accountability in this regard.

To quote yet again from the seminal Venner Committee Report:

"Finally, since the Committee has drawn attention to the question of governance and our political institutions, it would not be inappropriate for it to make reference to a matter which is now being debated in most liberal democratic societies, that is, the matter of electoral financing. In the spirit and ethos which emerge from the attainment of universal Adult Suffrage our societies must now examine the impact of how elections are financed on this particularly sacred principle. It would not be out of place in our view for our societies to initiate wide-ranging discussions within each country and throughout the region to establish rules and principles which could lead to the preservation of our Independence, and democracy in the next century."

We fully endorse this expressed need for priority attention to be afforded to some meaningful statutory regulation of electoral financing, and recommend accordingly. Left unaddressed, this has serious potential to undermine the democratic gains made in Caribbean societies. There is ample scope for St. Kitts and Nevis to become a leader in the region in this regard. To fail to address this issue in a timely manner is to run the real risk of the Caribbean being perceived by our own people and others further afield as a region in which public life can be degraded by unscrupulous practices. We recommend that specific legislation with concrete and effective measures be put in place urgently to guard against this risk. Our history demands not only that our leaders not be bought or sold, but that we

proudly proclaim that this is virtually impossible and that any attempts to do so would be subject to criminal sanctions imposed by law.

The Committee is confident that, if given support by the political will of the Government, our recommendations for new legislation on integrity in public life and campaign financing will receive both technical support and funding from the Commonwealth, the OAS and the European Union, all of whom have in recent years voiced concerns over such issues to improve global governance practices. However, even with such technical and financial support to examine global best practices and options in these areas (of integrity in public life and campaign financing legislation), the political choices must of course be made by the politicians and citizens of St Kitts and Nevis after due consultation and deliberation. After 21 years of Independence, St. Kitts and Nevis will demonstrate that it has truly come of age if efforts can begin now to make progress on these two crucial matters.

We recommend accordingly.

Dated this 10th day of May 2005.

.....
Mr. Charles Brisbane, O.B.E.
(Chairman)

.....
Mr. Omax Gardner

.....
Mr. J. Emile Ferdinand



**PRIME MINISTER
ST. KITTS AND NEVIS**

Appendix 1

Ref. No.MF/S1/014

GOVERNMENT HEADQUARTERS,
P.O. BOX 186,
ST. KITTS, W.I.

23 February 2005

Mr. Charles Brisbane
Princes Street
Basseterre

Dear Mr. Brisbane

Government has taken a decision to establish an Independent Salaries Committee to make recommendations in respect of Salaries, Allowances and other Benefits and entitlements of Government Ministers and other Members of the Federal Parliament.

In this regard, I take this opportunity to advise you of your appointment as a Chairman of the Salaries Committee. The other members of the Committee are as follows:

| | | |
|---------------------|---|--------|
| Mr. Omax Gardener | - | Member |
| Mr. Emile Ferdinand | - | Member |

The Committee should undertake any consultations it deems necessary to accomplish its mission.

Please note that the Ministry of Finance would provide the Committee with the necessary secretarial and technical support.

Sincerely

Denzil L Douglas
Prime Minister

Appendix 1



**PRIME MINISTER
ST. KITTS AND NEVIS**

Appendix 2

Ref. No.MF/S1/014

GOVERNMENT HEADQUARTERS,
P.O. BOX 186,
ST. KITTS, W I

23 February 2005

Mr. Omax Gardener
c/o Pannell Kerr Foster
North Independence Square Street
Basseterre

Dear Mr. Gardener

Government has taken a decision to establish an Independent Salaries Committee to make recommendations in respect of Salaries, Allowances and other Benefits and entitlements of Government Ministers and other Members of the Federal Parliament.

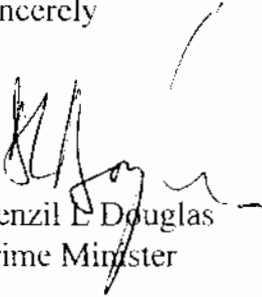
In this regard, I take this opportunity to advise you of your appointment as a Member of the Salaries Committee. The other members of the Committee are as follows:

| | | |
|----------------------|---|----------|
| Mr. Charles Brisbane | - | Chairman |
| Mr. Emile Ferdinand | - | Member |

The Committee should undertake any consultations it deems necessary to accomplish its mission.

Please note that the Ministry of Finance would provide the Committee with the necessary secretarial and technical support.

Sincerely


Denzil E Douglas
Prime Minister

Appendix 1



**PRIME MINISTER
ST. KITTS AND NEVIS**

Appendix 3

Ref. No.MF/S1/014

GOVERNMENT HEADQUARTERS,
P.O. BOX 186,
ST. KITTS, W.I.

23 February 2005

Mr. Emile Ferdinand
c/o Kelsick, Wilkin & Ferdinand
Attorney-at-Law
South Independence Square Street
Basseterre

Dear Mr. Ferdinand

Government has taken a decision to establish an Independent Salaries Committee to make recommendations in respect of Salaries, Allowances and other Benefits and entitlements of Government Ministers and other Members of the Federal Parliament.

In this regard, I take this opportunity to advise you of your appointment as a Member of the Salaries Committee. The other members of the Committee are as follows:

| | | |
|----------------------|---|----------|
| Mr. Charles Brisbane | - | Chairman |
| Mr. Omax Gardener | - | Member |

The Committee should undertake any consultations it deems necessary to accomplish its mission.

Please note that the Ministry of Finance would provide the Committee with the necessary secretarial and technical support.

Sincerely

Denzil L Douglas
Prime Minister

Appendix 1

APPENDIX 4

MEDIA RELEASE

Since its appointment in February by the Prime Minister, the three-man Independent Federal Parliament Salaries Review Committee has held consultations with a number of stakeholders, organizations and individuals.

Continuing its consultations, the Committee intends to hold meetings with the media and the general public at the University Center, The Gardens, Basseterre, St. Kitts on Thursday 21st April starting at 4:00 p.m. and at The Red Cross Building, Chapel Street, Charlestown, Nevis on Friday 22nd April 2005 at 3:00 p.m..

The media and the general public are invited to both of these events to be informed as to what has taken place thus far and to express their views concerning the current exercise.

In addition, the Committee invites and welcomes at any time written presentations from any organizations or individuals who may wish to convey their views on the subject matter being considered by the Committee. Such written presentations may be submitted to the office of the Chairman of the Committee Mr. Charles Brisbane O.B.E. at Princes Street, Basseterre, St. Kitts or to any of the other members of the Committee, Mr. Omax Gardner or Mr. Emile Ferdinand.

14th April 2005

Independent Federal Parliament Salaries Review Committee

APPENDIX 5

MEDIA CONFERENCE STATEMENT

In February 2005 the Honourable Prime Minister and Minister of Finance appointed us a three-man Independent Salaries Review Committee to make recommendations to Government in respect of Salaries, Allowances and other Benefits and Entitlements of Government Ministers and Members of the Federal Parliament in St. Kitts and Nevis.

Periodic reviews of the remuneration and other benefits of Ministers and other Parliamentarians are necessary in any country. As far as the members of this Committee are aware, the appointment of a Committee such as this in St. Kitts & Nevis represents a departure from the prior practice of the Government of the day periodically making determinations as to salary and benefit adjustments without any known formal consultations with persons outside of Government.

Our acceptance of the Prime Minister's invitation to serve on this Committee is wholly voluntary and is done in a spirit of public service. We anticipated that the issue under consideration would be a controversial one, but we each felt that the decision of the present Government to ask persons outside of Government to consider the matter and make recommendations was a positive step and an improvement in governance practice. There have been similar Committees established in the Caribbean in recent years (St. Vincent, St. Lucia, BVI, Jamaica) and we have found it very useful to look at some of their reports. Some Caribbean countries (e.g. St. Lucia) have gone beyond the informal advisory committee process and legislated a comparable process. Trinidad and Tobago we understand has a constitutionally-established Salaries Review Commission. The Prime Minister has indicated to us that our report and recommendations to Government will be made public and we hope to submit these to Government by the end of April.

The letter of appointment expressly states that this advisory Committee should undertake any consultations it deems necessary. To date, we have spoken with:

- all of the elected and appointed members of the Federal Parliament, that is: Prime Minister Dr. Denzil Douglas and the other members of Cabinet,
- the Leader of the Opposition the Hon. Malcolm Guishard,
- the Hon. Vance Amory,
- Senator the Hon. Michael Perkins,
- the Speaker the Hon. Marcella Liburd,
- the Deputy Speaker and elected representative of the Nevis Reformation Party (NRP) the Hon. Patrice Nisbett,

- the Political Leader of the NRP Mr. Joseph Parry,
- the elected representative of the Peoples Action Movement (PAM) the Hon. Shawn Richards,
- the Political Leader of PAM Mr. Lindsay Grant,
- His Excellency Ambassador Walford Gumbs in his capacities as President of the St. Kitts-Nevis Trades and Labour Union and also as the Immediate Past Speaker of the National Assembly, and
- the Vice President of the St. Kitts-Nevis Chamber of Industry and Commerce and other executive members of the Chamber.

We intend to hold consultations with more persons, including a media and public forum in Nevis at 3:00 p.m. tomorrow at the Red Cross building in Charlestown. We have also contacted former Prime Minister the Right Hon. Dr. Sir Kennedy Simmonds who has kindly consented to have dialogue with us at a convenient future date.

Given the intensity and divisiveness of party politics in St. Kitts and Nevis, we are pleased to be able to say that none of the Members of Parliament who are not in Government, nor the Political Leaders of the PAM (Mr. Grant) nor of the NRP (Mr. Parry) have expressed to us any objection, concern or reservation whatsoever about the composition of this Committee; and all of our discussions with the CCM, PAM and NRP representatives have been candid, cordial and constructive.

We are an advisory committee, not a decision-making one. We are going to make recommendations to the Prime Minister as to what our opinions are, and provide some reasons for those opinions. In the final analysis, the Cabinet will then make what it considers an appropriate decision, taking account of the public interest which it has the constitutional responsibility to protect and promote and for which Government is politically-accountable to the electorate.

The Committee is of the opinion that the subject of Ministers' and other Parliamentarians' remuneration requires serious, mature and objective consideration, reflecting the centrally-important roles of Cabinet and Parliament in our democratic system of Government.

We the members of this Committee certainly have no monopoly on ideas concerning the subject of Parliamentarians' remuneration. We have learnt much from our consultations to date and we are confident that we will benefit from hearing the views of the media and of the wider public on the subject under consideration and accordingly we open the floor to you. We would first wish to hear from the media personnel present, and in this regard we ask that those contributing to today's discussion first state their name and that of the media entity they represent before having their say. After the media, we will open the floor to the

general public. We would very much welcome your views, suggestions and thoughts on the subject matter under consideration. In addition to contributing to the discussion here today and in Nevis tomorrow, comments may also be sent directly to the Committee via email to ISRC@caribsurf.com or to the office of the Chairman of the Committee Mr. Charles Brisbane O.B.E. at P. O. Box 1691, Princes Street, Basseterre, St. Kitts or to any of the other members of the Committee, Mr. Omax Gardner or Mr. Emile Ferdinand.

Independent Federal Parliament Salaries Review Committee
21st April 2005