

This is a submission in respect of the consultation about MPs expenses and pay.

I take the view that it is important to get the principles right from which the rest should follow.

Firstly, the system should be determined independently of Members of Parliament. Most of the difficulties that arise today arise as a result of a systematic abuse of the process by an attempt to conceal a form of "bung" for MPs whereby they are expected to claim for things which would not otherwise qualify. There are not other jobs which would allow people to claim dry cleaning on expenses.

Secondly, the rules that apply should be similar to those which apply in the public and private sectors. There should not be any special tax treatment.

Thirdly, the objective within this should be to minimise the cost to the public purse whilst remembering that the objective should be to enable Members of Parliament to do their job and concentrate on that rather than having to do things in a particular way because of the financial consequences to them if they fail to so do.

I have for over 25 years employed people myself. I have in doing this paid expenses. I have tried to align the interest of the employee with that of the employer. That means at times accepting that people will benefit from being more cost effective with their expenses claim.

I think the Swedish Parliament's system for dealing with second homes is sensible. Firstly, it makes the reasonable assumption that someone when elected will need support living in the capital. One of the major problems with the UK system has been the swapping around of "main homes". The Swedes have a simple system. The parliament rents a number of flats. Around half of the MPs live in those flats. A smaller sum of money (than the cost of running the flats) is available as an allowance for a Swedish Parliamentarian to either fund their own flat or to pay towards the rent of a flat. This has the effect of dealing with those who have their main home in the capital as that smaller sum is then available for maintaining the other home.

This aligns the interest of the parliamentarian with that of the tax payer. If they accept the smaller sum of money then it is in their interest to try to ensure that their costs are less than that of the allowance. Any profit is taxable. The problem with a system that is not allowance based is that it encourages people to charge more. That is in the nature of expenses systems.

Our system of paying the capital sums for furnishing is wrong financially and not cost effective. It does not align the interests of parliamentarians and tax payer. In doing this, however, it would be a priority to ensure that the sum paid is less than it would cost the taxpayer in other circumstances.

John Hemming MP