

STATES OF JERSEY



FISCAL STRATEGY (P.106/2004) – AMENDMENTS (P.106/2004 AMD.) – COMMENTS

**Presented to the States on 6th July 2004
by the Employment and Social Security Committee**

STATES GREFFE

COMMENTS

Deputy G.P. Southern of St. Helier recently accepted the President's offer to meet and discuss more fully the various policy reviews currently underway and impact on future funding arrangements, including the States contribution to the Social Security Fund (Supplementation).

Deputy Southern's report acknowledges "*that I now better understand the complexities of both the long and short term issues*" and "*that consideration of any changes should not stand alone and would have to fit into the fiscal strategy*". However, the Committee could not reconcile the sentiments expressed in the report with the proposition, which refers to providing proposals only to "*reduce or eliminate the requirement for the supplementation of social security contributions from general tax revenues*".

The States' contribution to the Social Security Fund is an important 'income' to the Fund and provides a mechanism for redistribution of support from the general wealth of the Island (through businesses, higher earners and non-earners) to the lower paid workers.

Whilst the Committee understands the need to curtail States expenditure, this has to be set against the need to fund a system, which can continue to support low paid workers and reduce the risk of poverty whilst being affordable and sustainable during the substantial demographic changes ahead.

The Committee is of the view that the States should have the benefit of a comprehensive report on the whole benefit system, including an up to date projection of costs in the light of increased demands, limited resources and changing social, economic and demographic trends.

Once the Government Actuary has completed his work the Committee will bring forward its proposals on funding prior to the Finance and Economics Committee's fiscal proposals being finalised by the States.