

**WRITTEN QUESTION TO THE MINISTER FOR SOCIAL SECURITY
BY DEPUTY G.P. SOUTHERN OF ST. HELIER
ANSWER TO BE TABLED ON TUESDAY 19th OCTOBER 2010**

Question

Will the Minister confirm that the net investment income for the Social Security funds (page 90 Social Security Report & Accounts – 2009) has increased substantially in 2009 from an average of £5m - £8m to £107 million and, if so, state whether this level of interest is expected to continue, and if so, what implications this has for the future of the funds?

Answer

The Net Investment Income of the Social Security Fund and Social Security (Reserve) Fund have not increased significantly in 2009 as reported in Statistical Appendix 2 of the Social Security Report & Accounts – 2009 (the “Accounts”).

The Department took the decision during the preparation of the Accounts to provide greater clarity of the returns being generated by the funds from all sources. Consequently, the Net gains on investments during the year of £107,294k as reported in the Social Security (Reserve) Fund’s Statement of Total Return, page 34, were included within the Net Investment Income reported in Statistical Appendix 2.

The Department did not update the Net Investment Income amounts for each of the prior years in Statistical Appendix 2.

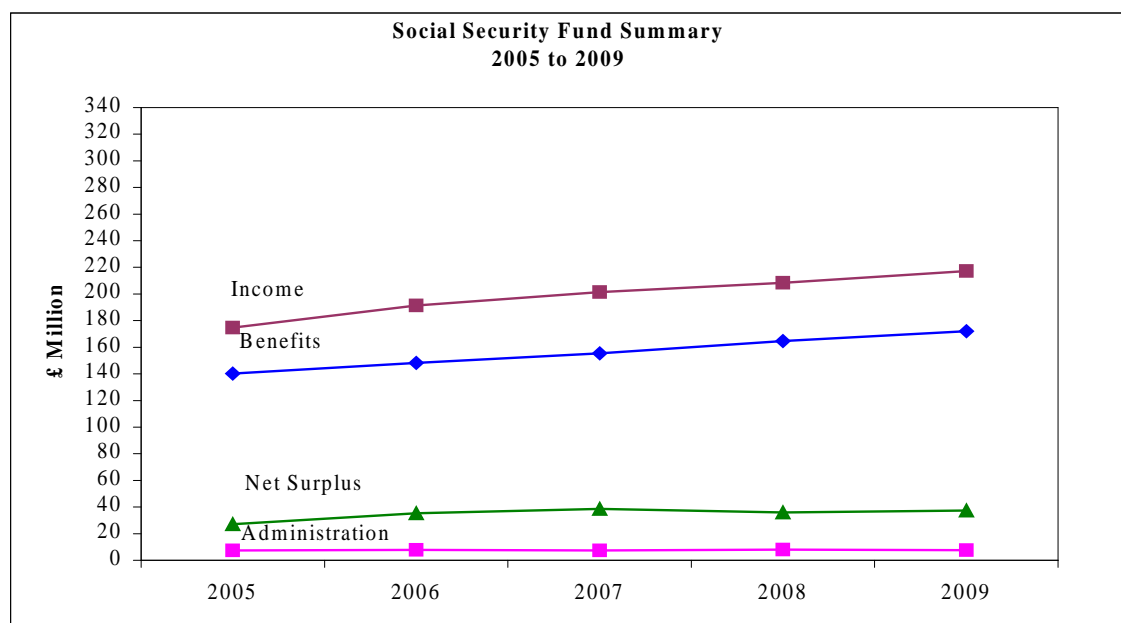
The Department has however provided an amended format of Statistical Appendix 2 for the Deputy to enable him to consider appropriate comparisons.

During 2010 Net Investment Income will remain a minor component of income because the Fund’s investments are in a pooled fund policy which does not make distributions. Investment return will be achieved through the rising value of the investment units in the pooled funds.

Statistical Appendix 2

Five year summary of the Social Security Fund and the Social Security (Reserve) Fund

	2005	2006	2007	2008	2009
INCOME	£000	£000	£000	£000	£000
Contributions	117,136	123,954	133,913	144,634	151,787
Supplementation	50,776	56,567	58,627	61,842	64,995
Net Investment income	5,302	8,671	7,001	2	(11)
Bank interest & other income	1,490	2,070	1,887	2,005	350
Total Income	174,705	191,262	201,429	208,483	217,121
EXPENDITURE					
Benefits	140,209	148,225	155,428	164,565	172,091
Administration	5,164	5,512	5,341	6,124	5,770
Depreciation	2,159	2,267	2,061	1,906	1,906
Total Expenditure	147,533	156,004	162,830	172,595	179,767
NET SURPLUS	27,172	35,258	38,598	35,888	37,354
NET GAIN/(LOSS) ON INVESTMENTS	81,586	45,177	31,005	(107,746)	107,294
NET ASSETS	560,148	641,680	711,031	637,173	781,822



The above information is for the benefit of the user and is not part of the audited financial statements.